

AM03

Notice of administrator's proposals



Companies House

FRIDAY






A19 *A8BZH4BS* #158
16/08/2019
COMPANIES HOUSE

1	Company details		→ Filling in this form Please complete in typescript or in bold black capitals.
Company number	0 5 4 1 4 6 0 2		
Company name in full	Martin Clayton Transport Limited		
2	Administrator's name		
Full forename(s)	Kris Anthony		
Surname	Wigfield		
3	Administrator's address		
Building name/number	3rd Floor		
Street	Westfield House		
Post town	60 Charter Row		
County/Region	Sheffield		
Postcode	S 1 3 F Z		
Country			
4	Administrator's name ①		
Full forename(s)	Claire Elizabeth		① Other administrator Use this section to tell us about another administrator.
Surname	Dowson		
5	Administrator's address ②		
Building name/number	3rd Floor		② Other administrator Use this section to tell us about another administrator.
Street	Westfield House		
Post town	60 Charter Row		
County/Region	Sheffield		
Postcode	S 1 3 F Z		
Country			

AM03

Notice of Administrator's Proposals

6		Statement of proposals	
	<input checked="checked" type="checkbox"/>	I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature			
Signature date	^d 1 ^d 5	^m 0 ^m 8	^y 2 ^y 0 ^y 1 ^y 9

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Martin Clayton Transport Limited (in Administration) (“the Company”)

Statement of proposals for achieving the purpose of Administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Contents

- ❑ Interpretation
- ❑ Statutory information
- ❑ Details of appointment of joint administrators
- ❑ Circumstances giving rise to our appointment
- ❑ Statement of affairs
- ❑ The Administration period
- ❑ Estimated outcome for creditors
- ❑ Proposals for achieving the purpose of the Administration
- ❑ Pre-Administration costs
- ❑ Remuneration and disbursements
- ❑ Other information to assist creditors
- ❑ Conclusion
- ❑ Appendices
 - 1. Account of receipts and payments
 - 2. Directors' statement of affairs
 - 3. Remuneration and expenses
 - 4. SIP 16 Statement

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Martin Clayton Transport Limited (in Administration)
"the administration"	The appointment of joint administrators under Schedule B1 of the Act on 8 August 2019
"the administrators", "we", "our", "us"	Kris Anthony Wigfield of Begbies Traynor (SY) LLP, 3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ - Sheffield.North@Begbies-Traynor.com and Claire Elizabeth Dowson of Begbies Traynor (SY) LLP, 3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ – Sheffield.North:Begbies-traynor.com
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	Martin Clayton Transport Limited
Trading name:	Martin Clayton Transport Limited
Date of Incorporation:	5 April 2005
Company registered number:	05414602
Company registered office:	3rd Floor, Westfield House, 60 Charter Row, Sheffield S1 3FZ
Former registered office:	1 Alphin Close, Mossley, Ashton-under-Lyne, Greater Manchester OL5 9DX
Trading address:	1 Alphin Close, Mossley, Ashton-under-Lyne, Greater Manchester OL5 9DX
Principal business activities:	Freight transport by road

Directors and details of shares held in the Company (if any):	Name Martin Clayton	Shareholding 475 Ordinary shares of £1 each
Company Secretary and details of the shares held in Company (if any):	Name: None recorded at Companies House	Shareholding -
Accountants:	LD Accountancy, 1 Alphin Close, Mossley, Ashton-under-Lyne, Greater Manchester OL5 9DX	
Share capital:	950 Ordinary shares of £1 each	
Shareholders:	Martin Clayton – 475 Ordinary shares of £1 each Amanda Clayton – 475 Ordinary shares of £1 each	

3. DETAILS OF APPOINTMENT OF JOINT ADMINISTRATORS

Date of appointment:	8 August 2019
Date of resignation:	Not applicable
Court:	High Court of Justice, Business & Property Courts at Birmingham
Court Case Number:	Number 632 of 2019
Person making appointment:	Martin Clayton, c/o 1 Alphin Close, Mossley, Ashton-under-Lyne, Greater Manchester OL5 9DX as the director of the Company
Acts of the joint administrators:	The joint administrators act as officers of the Court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.

- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
 - (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
 - (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

Background Information

The Company was formed in 2005 as a transport courier business after the director had worked as a sole trader for many years in the industry. From the outset the Company worked exclusively for a third party who was taken over by an alternative third party company ("the Principal") in 2008. The Principal required the Company's contract to be awarded by tender and the Company was successful in this regard. It was a rolling contract which remained in place ever since as the Company, the Company's director and Martin Clayton personally had a good reputation with the Principal. The contract covers the WA postcode, primarily Warrington, St.Helens & Widnes.

Initially, in addition to the director, the Company employed just one driver but over the years, as the workload increased, further staff were employed, peaking at approximately 35 (drivers, warehouse staff and office staff). As work and staff increased the number of vehicles which the Company operated increased accordingly.

In 2016 the Principal offered the director the contract for the whole of Norfolk, which was duly accepted through a separate limited company - We Are Pronto (Norwich) Limited ("WAP"). Two successive managers of the Norfolk operation left the business and given the large and rural nature of Norfolk and the distance from the company's base the director found it difficult to manage WAP. WAP was losing money and approximately £200,000.00 was injected from the Company and Martin Clayton personally in attempts to support it. After seven months requests were made to the Principal to increase the rates on the Norfolk contract and whilst this did occur, it was insufficient. The requisite three months' notice was given on the Norfolk contract, which ended in 2017. WAP was placed into Creditors Voluntary Liquidation on 15 April 2019 with two insolvency practitioners in the Begbies Traynor Birmingham office being appointed.

Upon instruction the director confirmed that motor vehicles, which were subject to hire purchase agreements with Lombard Vehicle Finance ("Lombard"), had already been transferred to an associated company, M Clayton Transport Ltd ("MCTL"). The assets of the business were the goodwill, the contract and nominal furniture and equipment, along with debts subject to Bibby's charge. Shortly prior to the appointment of the joint administrators it was further confirmed that MCTL had entered into a new agreement with the Principal for the supply of services previously offered by the Company.

Prior to the third party motor vehicles being transferred to MCTL, we understand that the Company was paying a considerable amount in relation to vehicle finance and insurance costs, which were putting further strain on the Company's cashflow.

We have not seen any evidence nor have we been advised that the company's contract with the Principal has been terminated and therefore as at the date of our appointment it would have been possible for a third party to purchase the Company's business and seek a novation of the contract. This was, however, deemed unlikely given the goodwill and the relationship between Martin Clayton and the Principal.

As MCTL did not have any employees, the employees of the Company had been utilised by MCTL to fulfil the needs of the contract. We are advised that MCTL covered all costs incurred by the Company in this regard.

To assist the Company with its cashflow, the director sought and obtained funding. The Company's debts are subject to a factoring agreement with Bibby Financial Services Limited ("Bibby") which was created on 18 April 2019 and delivered to the Registrar of Companies on 23 April 2019. It is understood that the ledger totals approximately £26,000 with £7,500 currently being due to Bibby.

The director attributes the Company's demise entirely to the unsuccessful Norfolk contract, which it sought to subsidise (along with Martin Clayton personally), having traded satisfactorily for many years previously. Over the past three years the Company has tried but struggled to recover from this bad debt.

The Company never required bank funding, other than asset finance on the vehicles, and for years never experienced any problems with payments to HM Revenue & Customs ("HMRC") or suppliers. The debt to the director arose as a result of injecting personal funds to compensate for the Company loaning funds to WAP.

More recently, the Company has been experiencing pressure from HMRC, particularly regarding a substantial PAYE liability that has accrued but also including VAT and Corporation Tax debts.

On the basis that the Company could not pay its liabilities as they fell due, and as its liabilities exceeded the value of its assets, the Company was insolvent on both a cash flow and a balance sheet basis. As such, the Company sought advice from Begbies Traynor.

As stated in the attached SIP16 disclosure notice, the director previously contacted the Sheffield Begbies Traynor office in relation to WAP however, this matter did not progress to appointment, with Begbies Traynor Birmingham subsequently being approached by the director. Neil Jeeves of Begbies Traynor Birmingham was subsequently asked by the Company's director, Martin Clayton, to provide initial advice in relation to the Company. Having done so, the matter was passed to Begbies Traynor Sheffield for review and progression. This was to ensure that there was no conflict of interest.

5. STATEMENT OF AFFAIRS

Following the joint administrators' appointment, a request has been made to the Company's director, Martin Clayton, for completion of a statement of affairs of the Company. As a result of these proposals being issued so soon after our appointment, this statement has not yet been received.

Notwithstanding the above, the director has provided sufficient information to enable the preparation of a statement of affairs of the Company as at 8 August 2019 which is attached at Appendix 2. This incorporates a list of the Company's creditors, as supplied by the Company, the accuracy of which the joint administrators are unable to vouch for.

The statement of affairs also makes no provision for the costs of the administration or any subsequent liquidation.

Our comments on the statement of affairs are provided in the appendices to this report.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of Administration on 8 August 2019 to 14 August 2019. Creditors will note that, due to the relatively short period of time which has elapsed since our appointment, there are currently no transactions to report.

Please however note that as detailed in the attached SIP16 disclosure notice, the Company's business and assets have been sold to a connected party, M Clayton Transport Limited ("MCTL"). As part of this sale the sum of £10,000 was payable on completion. Such funds are currently held by Irwin Mitchell Solicitors ("Irwin Mitchell"), the solicitor instructed to assist with preparing the sale and purchase agreement ("SPA"). Such funds will be transferred to the administration estate account imminently.

Work undertaken by the joint administrators and their staff

As detailed above, shortly following our appointment, the business and assets of the Company were sold to MCTL, of which Martin Clayton is a common director and shareholder for the sum of £60,000.00. Full details of this sale were provided in our SIP16 disclosure notice which was issued to all known creditors on 14 August 2019. A further copy of our SIP16 is attached to these Proposals for creditors review.

Upon completion of the above sale, the sum of £10,000.00 was payable immediately. Such funds have been received by Irwin Mitchell and will be transferred to the administration account imminently.

The balance of £50,000.00 is payable on deferred terms, details of which are provided in the attached SIP16.

Due to part of the consideration being payable on deferred terms, the joint administrators have registered a debenture over the assets of MCTL and have obtained a personal guarantee from Martin Clayton personally as security. The SPA also includes an anti-embarrassment clause which entitles the Company to 50% of any uplift in the sales consideration should the business and or its assets be sold on within the next two years.

In addition to the above, we have dealt with various statutory duties, including advertising our appointment in the London Gazette and sending notification of our appointment to the Registrar of Companies. A request has also been made for the Company's registered office to be changed to that of the office of the joint administrators.

The joint administrators have requested that an estate bank account be opened to allow any receipts and payments be made as necessary.

Pre-packaged sale of the business and assets

Full details of the sale transaction were included in our notification to creditors in accordance with Statement of Insolvency Practice 16 ("SIP 16"). A further copy of the SIP 16 disclosure is appended to this report at Appendix 4.

Please be advised that upon receiving our instruction to review the Company's position and upon MGR Appraisals ("MGR") being instructed to market the business and its assets for sale, we were not made aware that MCTL had entered into a contract with the Company's main supplier ("the Principal") on 1 July 2019. As such, the initial SPA was anticipated to include the sale of the Company's contract with the Principal as well as the goodwill of the business and its furniture and equipment.

Having issued the draft SPA to Bibby Factors Northwest Limited ("Bibby"), the Company's secured creditor, we were advised that MCTL had completed some works in July. Having made enquiries with the director in relation to the same, we were advised that MCTL had entered into the above mentioned contract and that the Company's employees had been utilised to complete the works on the basis that MCTL did not have any

employees of its own. We were also advised that MCTL covered the costs incurred by the Company in this regard by obtaining short term funding until a sale of the business could be achieved.

Having been provided with a copy of the contract between MCTL and the Principal it appears that the contact between the Company and the Principal remains in place however due to the existence of the new contract, with MCTL, the value of the initial contract is likely to have been eroded. MGR have advised that in their opinion the contract issued to MCTL by the Principal was only issued because of the goodwill held by Mr Clayton personally.

In light of the above, the SPA was amended to specifically exclude the contact and sold mainly the goodwill in the business.

Please however note that by selling the goodwill and excluding the contract, the joint administrators have maximised realisations while also preserving any other possible realisations which may be due. This matter will be investigated shortly and an update will be provided in our next report to creditors.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment as per the information provided by the Company are as follows:

Secured creditor

The Company granted a fixed and floating charge to Bibby on 18 April 2019 which was delivered to the Registrar of Companies on 23 April 2019. This charge remains outstanding. Bibby have advised that they are currently indebted to the sum of £7,471.28

Preferential creditors

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no anticipated preferential claims to consider.

Unsecured creditors

Claims of unsecured creditors are estimated at £327,099.71. Creditors should note that this amount includes the sum of £30,476.23 introduced into the business by the director, as well as an estimated combined Crown liability of £221,152.29.

On the basis of realisations to date we estimate an outcome for each class of the Company's creditor as follows:

Secured creditor

Bibby have advised that the Company's debtor ledger totals £26,199.57 but that the invoices are either disputed or disapproved due to their age. Should Bibby not be able to realise sufficient funds from the ledger to repay their liability, it is anticipated that Bibby will receive a distribution from the administration.

Irwin Mitchell have been instructed to undertake a security review of Bibby's debenture and to advise whether any realisations in relation to the sale of goodwill are secured under Bibby's fixed charge. If not, then Bibby are likely to receive a distribution under their floating charge. Whilst this review is currently ongoing we have not yet received such advice. For the purposes of the attached estimated Statement of Affairs, it is assumed that all realisations received will fall under Bibby's floating charge. An update in this regard will however be provided in our next report to creditors.

Preferential creditors

As mentioned above, there are no anticipated preferential claims in this case.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the Court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

As referred to above, Bibby's charge post dates the Enterprise Act. Assuming that the Company's goodwill is deemed to be subject to Bibby's floating charge rather than their fixed charge, the Prescribed Part will apply. Please note that this matter is currently under review and therefore we reserve our right to amend our estimated statement of affairs in due course.

Based on the above we have estimated, to the best of our knowledge and belief, the Company's net property, to be £60,000.00 and the prescribed part of the Company's net property to be £15,000.00. Please also note these figures are before the application of costs.

Unsecured creditors

Based upon realisations to date and estimated future realisations it is expected that there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors, other than potentially under the provisions of the Prescribed Part.

Effect of Administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as joint administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in Administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the Administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the Administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, we consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole.

Due to the level of the Company's insolvency, it was not possible to rescue the Company as a going concern, therefore objective 3(1)(a) can not be achieved.

Based on the anticipated realisations and costs of the administration, it is not anticipated that there will be sufficient funds to make a distribution to the Company's unsecured creditors other than potentially under the Prescribed Part. As such, objective 3(1)(b) is not anticipated to be achieved.

As previously stated, the business and assets were sold to the MCTL shortly after the appointment of the joint administrators. This sale was undertaken to maximise realisations for the assets which we believe would have otherwise been unrealisable. Furthermore, the sale of the business to the MCTL has saved 36 jobs and prevented the need for substantial redundancy claims to be made.

The above sale is anticipated to result in sufficient realisations, after costs, to allow a distribution to be made to the Company's secured creditor, Bibby under the terms of their debenture. Should such a distribution be made, the objective of realising property in order to make a distribution to one or more secured or preferential creditors will be achieved.

The joint administrators will oversee the works necessary but will, where appropriate, utilise members of their team to ensure that the works are completed by the appropriate level of staff.

In order for the purpose of the Administration to be fully achieved, we propose to remain in office as joint administrators in order to conclude the realisation of the Company's property and to undertake our statutory duties as joint administrators. In addition to our statutory duties, the principle matters to deal with in this respect are as follows:

- Monitoring the deferred consideration payments due from MCTL;
- Liaising with Bibby in relation to the likelihood of realising any funds from the Company's debtor ledger;
- Completing internal compliance matters to ensure that the case is progressed as efficiently as possible;
- Undertaking regular banking duties in relation to the estate bank account;
- Reviewing and responding to all creditor claims and correspondence;
- Seeking and obtaining approval of the Proposals and connected resolutions;
- Undertaking investigations into the Company's failure and the directors' conduct; and
- Preparing statutory progress reports to creditors in line with the Act.

Following these events we propose to make distributions to Bibby and possibly to unsecured creditors under the provisions of the Prescribed Part as applicable before taking steps to finalise the administration.

Exit from Administration

Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors (other than possibly under the Prescribed Part). Consequently, as soon as we are satisfied that we have fully discharged our duties as joint administrators and that the purpose of the Administration has been fully achieved, we propose to deliver a notice of moving from Administration to dissolution to the Registrar of Companies. Upon the registration of such notice our appointment as joint administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the Court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

However, it may transpire that it is not possible to finalise the Administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if the deferred consideration is not received in line with the agreed terms. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by Court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months.

It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the Administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the Administration can be fully achieved.

If (whether or not an extension to the period of Administration actually becomes necessary) it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the Court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the Administration in those circumstances.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered Administration, we carried out work consisting of advising the Company on the most expedient route to place the company into Administration, entering into negotiations with interested parties, most notably, MCTL in relation to the sale of the business and assets and liaising with MGR and Irwin Mitchell to agree the proposed sale ("the Work"). The Work was carried out pursuant to an agreement made between us and the Company's director entered into on 11 July 2019 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration because it was anticipated that a sale of the business as a going concern would provide for maximum realisations when compared to realisations on a break-up basis. For these reasons we consider that the Work has furthered the achievement of the objective of administration being pursued, namely to secure sufficient funds to enable a distribution to be made to the Company's secured creditor.

The pre-Administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	18,872.50	3,774.50	22,647.00
Legal costs	Irwin Mitchell	6,176.50	1,235.30	7,411.80
Legal costs and disbursements	Neil Davies & Partners	6,956.00	1,391.20	8,347.20
Agents costs and disbursements	MGR Appraisals	6,200.00	1,240.00	7,440.00
TOTAL PRE-ADMINISTRATION COSTS		38,205.00	7,641.00	45,846.00

Please note that it was necessary to instruct two firms of solicitors to assist with the pre-appointment work in this matter. Neil Davies & Partners provided assistance in relation to the preparation and submission of the two Notices of Intention to Appoint Administrators which were required. In addition, they drafted the appointment documentation and arranged for this to be filed with the Court.

Irwin Mitchell were instructed to draft the SPA, debenture and personal guarantee.

The above agents fees include the fee payable in relation to negotiating a sale of the business. Despite the sales consideration being payable on deferred terms, we have allocated the costs as pre-appointment costs in order that creditors can approve the same.

N.B. The VAT element of these costs will be reclaimed for the benefit of the Administration estate.

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, the secured creditor of the Company. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-Administration costs, a Pre-Administration Time Costs Analysis and a pre-Administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (SY) LLP for attending to matters as set out in the fees estimate.

We consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than potentially by virtue of the prescribed part fund of any net floating charge property). In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 8 August 2019.

Disbursements

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the director and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy.

As joint administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the Administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Investigations carried out to date

Given the short period of time that has passed since our appointment, we have not yet undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. As such, we are not currently able to determine the full scope of such investigations and the likely impact on the time required to be spent in dealing with the same.

Connected party transactions

Full details of the sale of the business and assets can be found in our SIP 16 disclosure which is appended at Appendix 4. MCTL is connected to the Company as Martin Clayton is a common director and shareholder of both companies.

Deemed delivery

These proposals will be deemed to have been delivered on 19 August 2019.

Use of personal information

Please note that in the course of discharging our statutory duties as joint administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

12. CONCLUSION

As explained in Section 7 above, the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than possible by virtue of the Prescribed Part).

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within 8 business days of 19 August 2019. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

Subject to the approval of our proposals we will report on progress again approximately six months after the commencement of the Administration, or at the conclusion of the Administration, whichever is the sooner.

A handwritten signature in black ink, appearing to read 'Kris Wigfield', with a stylized flourish at the end.

Kris Anthony Wigfield
Joint Administrator

Date: 14 August 2019

ACCOUNT OF RECEIPTS AND PAYMENTS

8 August 2019 to 14 August 2019

Martin Clayton Transport Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 14/08/2019

S of A £		£	£
	SECURED ASSETS		
Uncertain	Book Debts	NIL	NIL
	SECURED CREDITORS		
(7,471.28)	Bibby Factors Northwest Limited	NIL	NIL
	ASSET REALISATIONS		
496.00	Furniture & Equipment	NIL	
59,500.00	Goodwill	NIL	
1.00	The Company Name	NIL	
1.00	The Intellectual Property	NIL	
1.00	The Data Assets	NIL	
1.00	The Software	NIL	NIL
	UNSECURED CREDITORS		
(75,221.19)	Trade Creditors	NIL	
(30,476.23)	Martin Clayton - Directors Loan	NIL	
(250.00)	National Westminster Bank plc	NIL	
(174,859.10)	H M Revenue & Customs (PAYE)	NIL	
(3,987.05)	H M Revenue & Customs (VAT)	NIL	
(42,306.14)	H M Revenue & Customs (CT)	NIL	NIL
	DISTRIBUTIONS		
(950.00)	Ordinary Shareholders	NIL	NIL
(275,520.99)			NIL
	REPRESENTED BY		NIL

Kris Anthony Wigfield
Joint Administrator

ESTIMATED STATEMENT OF AFFAIRS AS AT 8 August 2019

Insolvency Act 1986

Martin Clayton Transport Limited

Estimated Statement Of Affairs as at 8 August 2019

	Book Value £	Estimated to Realise £	£
ASSETS			
Book Debts	26,199.57	Uncertain	
Bibby Factors Northwest Limited		(7,471.28)	
Deficiency c/d		<u>(7,471.28)</u>	
Furniture & Equipment	490.00		496.00
Goodwill			59,500.00
The Company Name			1.00
The Intellectual Property			1.00
The Data Assets			1.00
The Software			<u>1.00</u>
			60,000.00
LIABILITIES			
PREFERENTIAL CREDITORS:-			
			<u>NIL</u>
			60,000.00
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			<u>NIL</u>
			60,000.00
Estimated prescribed part of net property where applicable (to carry forward)			<u>15,000.00</u>
			45,000.00
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
Deficiency b/d		7,471.28	
			<u>7,471.28</u>
			37,528.72
Estimated prescribed part of net property where applicable (brought down)			<u>15,000.00</u>
			52,528.72
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade Creditors (Count=16)		75,221.19	
Martin Clayton - Directors Loan		30,476.23	
National Westminster Bank plc		250.00	
H M Revenue & Customs (PAYE)		174,859.10	
H M Revenue & Customs (VAT)		3,987.05	
H M Revenue & Customs (CT)		<u>42,306.14</u>	
			327,099.71
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			<u>(274,570.99)</u>
			(274,570.99)
Issued and called up capital			

Insolvency Act 1986

Martin Clayton Transport Limited

Estimated Statement Of Affairs as at 8 August 2019

	Book Value	Estimated to Realise
	£	£
Ordinary Shareholders		950.00
		950.00
TOTAL SURPLUS/(DEFICIENCY)		(275,520.99)

Begbies Traynor (SY) LLP
Martin Clayton Transport Limited
B - Company Creditors

Key	Name	Address	£
CA00	Aviva UK Life	PO Box 520, Norwich, NR1 3WG	12,000.00
CC00	Chess Telecom	Bridford House, Heyes Lane, Alderley Edge, Cheshire, SK9 7JP	437.66
CC01	Martin Clayton Directors Loan Account	c/o Begbies Traynor (SY) LLP, 3rd Floor, Westfield House, 60 Charter Row, Sheffield, South Yorkshire, S1 3FZ	30,476.23
CD00	DVLA	c/o Advantis , Minton Hollins Building, Shelton Old Road, Stoke-on -Trent, Staffordshire, ST4 7RY	80.00
CD01	Department of Work and Pensions	Debt Centre Trafford, Debt Managment (C), Mail Handlings Site A, Wolverhampton, WV98 2DF	1.00
CD02	D Walton Ltd	Orion Trade Centre, Tenax Road, Trafford Park, Manchester, M17 1JT	935.76
CE00	EE	Trident Plance, Hatfield Business Park, Mosquito Way, Hertfordshire, AL10 9BW	445.67
CF00	Funding Circle Limited	71 Queen Victoria Street, London, EC4V 4AY	3,919.27
CH00	Harrison Courier Services (A Firm)	The Oaks, Moulton Road, Pitsford, Northampton, NN6 9AF	361.47
CH01	H M Revenue and Customs (PAYE)	Accounts Office, Bradford, BD98 1YY	174,859.10
CH02	H M Revenue & Customs (CT)	AO Shipley, Victoria Street, Shipley, BD98 8AA	42,306.14
CH03	H M Revenue & Customs (VAT)	Enforcement & Insolvency Service, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	3,987.05
CL01	LD Accountancy	1 Alphin Close, Mossley, Ashton-under-Lyne, OL5 9DX	850.00
CN00	National Westminster Bank Plc	10 Yorkshire Street, Oldham, OL1 1QT	250.00
CR00	Rowleys Contract Hire	Wincham Lane, Northwich, CW9 6DE	35,000.00
CT00	Trafford Tyres Ltd	9 Longwood Road, Stretford, Manchester, M17 1PZ	3,101.34
CU00	UK Fuels Limited	c/o Andrew Wilson and Co, The Sheffs Office, 26 Missouri Avenue, Salford, Mancheser, M50 2NP	4,033.70
CW00	Worldline IT Services UK Ltd t/a FuelGenie	c/o Worldline, 4 Triton Square, Regents Place, London, NW1 3HG	9,005.92
CW01	Warrington Parking	c/o Jacobs Enforcement Agents, 6 Europa Boulevard, Birkenhead, Wirral, CH41 4PE	173.00
CW02	West Midlands Central Finance Unit	Victoria Law Courts, Corporation Street, Birmingham, B4 6QF	584.00
CW03	Paul Williams	c/o Canford Law, Weltech House, Ridgeway, Welwyn Garden City, Hertfordshire, AL7 2AA	4,292.40
21 Entries Totalling			327,099.71

Signature _____

Begbies Traynor (SY) LLP
Martin Clayton Transport Limited
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HC00	Amanda Clayton	c/o Begbies Traynor, 3rd Floor Westfield House, 60 Charter Row, Sheffield, S1 3FZ	Ordinary	1.00	475	0.00	0.00
HC01	Martin Clayton	c/o Begbies Traynor, 3rd Floor Westfield House, 60 Charter Row, Sheffield, S1 3FZ	Ordinary	1.00	475	0.00	0.00
2 Ordinary Entries Totalling					950		

Signature _____

ESTIMATED STATEMENT OF AFFAIRS

Notes to the Estimated Statement of Affairs

1. The Company's book debts are subject to an invoice discounting agreement with Bibby. As at 8 August 2019 the Company's debtor ledger totalled £26,199.57 however we understand that there are some disputes in relation to the same. Whilst further information will be requested in relation to these disputes, for the purposes of the attached estimated outcome statement realisations from this source are showing as uncertain. Upon appointment Bibby were owed £7,471.28.
2. Bibby's debenture is currently subject to a security review to establish whether the sale of goodwill falls under their fixed charge. For the purposes of the attached, and in order to be prudent, we have anticipated that Bibby's charge will state that goodwill will be classified as a floating charge realisation. We reserve the right to amend this assumption once further legal advice has been received.
3. The director's Company history refers to the Company injecting funds into WAP. There is no record of WAP being a debtor to the Company however this will be reviewed in due course.
4. The office furniture and equipment has been professionally valued by James Gregory, RCIS, of MGR Appraisals on 9 August 2019 on an Open Market Valuation basis.
5. The goodwill of the Company was also valued by MGR. Details of the basis of their valuation is provided in the attached SIP disclosure. Please note that as the Company's accounts do not include goodwill, there may be a chargeable gain on the sale of the same.
6. The Company's 2018 year end accounts included motor vehicles. We have been advised that as at the date of our appointment all motor vehicles had been transferred to MCTL prior to our instruction.
7. The Company's employees were transferred to MCTL as part of the SPA. As such, no claims are anticipated to be received in this matter.
8. Section 176A(2) of the Act requires the joint administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The prescribed part is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

We will not be required to set aside the prescribed part of net property if:

- a. The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;
- b. Or if the net property is more than £10,000, if the provision is disapplied by the Court on the application of the administrator on cost-benefit grounds.

As stated in the main body of the Proposals, the Prescribed Part may apply if Bibby receive a distribution under their floating charge. Bibby's security is currently being reviewed by Irwin Mitchell.

9. The claim of HMRC for PAYE and NIC represents unpaid tax outstanding since April 2018.

10. The claim of HMRC for VAT represents outstanding payments which have accrued since September 2018.

11. The claim of HMRC for Corporation Tax represents unpaid tax due as follows:

<i>Tax year 1 June 2015 to 31 May 2016</i>	<i>£ 4,585.40</i>
<i>Tax year 1 June 2016 to 31 May 2017</i>	<i>£13,409.10</i>
<i>Tax year 1 June 2017 to 31 May 2018</i>	<i><u>£24,311.64</u></i>
<i>TOTAL</i>	<i><u>£42,306.14</u></i>

12. Martin Clayton has advised that he is a creditor of the Company in relation to funds injected to aid cashflow. We await evidence of the same in due course.

13. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.

14. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of Administration and distribution for which no provision is made in the statement of affairs.

15. Transactions with directors and associates.

Standard practice requires disclosure to the creditors of any transactions (other than in the ordinary course of business) between the Company (including any of its subsidiaries or any other company in which it has or had an interest) and any of its directors or their associates (as defined in Section 435 of the Act) in the period of two years prior to the commencement of Administration, and in the period since the commencement of the Administration, or proposed to be undertaken. Relevant details are as follows:

Transaction 1

Date of transaction:	June 2019
Assets acquired:	Transfer of third party motor vehicles from the Company to MCTL
Amount of consideration paid:	We understand that Crystal Finance settled the outstanding finance due to Lombard Vehicle finance in the sum of approximately £173,000.00. No consideration was paid to the Company.
Date consideration paid:	June 2019
Name of counterparty:	MCTL
Nature of counterparty's connected party relationship with the vendor:	Martin Clayton is a common director and shareholder in both the Company and MCTL
Name and qualification of person who provided independent valuation advice	None.
Date of resolution of Company authorising transaction:	Unknown.

The scope of our investigations and conclusions reached:

The above transaction has not yet been reviewed in detail by the joint administrators however has been discussed with MGR. As the transaction took place prior to the joint administrators appointment, a full investigation will be undertaken in due course.

REMUNERATION AND EXPENSES

Total time spent to 14 August 2019 on this assignment amounts to 20.9 hours at an average composite rate of £225.00 per hour resulting in total time costs to 14 August 2019 of £4,702.50

To assist creditors in determining this matter, the following further information appears in this appendix:

- ☐ Begbies Traynor (SY) LLP's charging policy;
- ☐ Pre-Administration time costs summary with pre-Administration time costs analysis attached;
- ☐ Narrative summary of time costs incurred;
- ☐ Table of time spent and charge-out value;
- ☐ The joint administrators' fees estimate;
- ☐ Details of the expenses that the joint administrators consider will be, or are likely to be, incurred.

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;
- Postage at the actual rate incurred.

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 December 2018 – until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME: Martin Clayton Transport Limited

CASE TYPE: ADMINISTRATION

OFFICE HOLDERS: Kris Anthony Wigfield and Claire Elizabeth Dowson

DATE OF APPOINTMENT: 8 August 2019

1 CASE OVERVIEW

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the joint administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table. Full details of the work undertaken by the joint administrators and their staff prior to appointment are set out below and in the joint administrators' statement of proposals.

1.3 Overview of work undertaken prior to appointment

Prior to appointment, the proposed joint administrators spent a considerable amount of time advising the director on the alternative options and/or processes available to the Company and advised the director on the appropriate process for appointing administrators.

A full breakdown of the pre-appointment work undertaken is provided in the main body of the Proposals, however a further summary is provided below:-

- Review of the Company's financial position;
- Liaising with the Company's director in relation to the provision of information;
- Liaising with MGR in relation to the valuations provided and the subsequent updates and impact of the motor vehicles being novated and a new contract being entered into by MCTL prior to the joint administrators appointment;
- Liaising with solicitors and the Company's director in relation to the lodging of two Notices of Intention to Appoint Administrators;
- Corresponding with Bibby in relation to the proposed appointment and sale of the business;
- Reviewing the offers received and discussing the possibility of a solvent sale based on one expression of interest received;
- Correspondence with solicitors in relation to the drafting and amendment of the sale and purchase agreement, debenture and personal guarantee.

1.4 Complexity of work undertaken prior to appointment

As mentioned above the proposed administrators have spent a considerable amount of time and resource in liaising with the agents regarding the marketing of the business and appraising the offers received. Due to an offer for the Company's shares being received, this required additional work to establish whether this was a feasible option.

In addition, as information was disclosed shortly prior to our appointment which affected the sale, further time was spent reviewing and amending the contract and sale. Various unanticipated pre-appointment issues also resulted in additional time being spent reviewing the same to

establish whether the proposed sale was still in the best interests of the Company's creditors as a whole and also whether the objective of the administration would still be received.

As the works required decisions to be made which affected both the strategy and the possible return to creditors, the work was considered to be relatively complex and therefore required considerable input from the proposed joint administrators personally.

1.5 Exceptional responsibilities

There were no exceptional responsibilities in respect of the work undertaken prior to the appointment of the joint administrators.

1.6 The proposed joint administrators' effectiveness

As a result of the pre-appointment work undertaken, a sale of the Company's business and assets was completed at a value above the going concern value reported by MGR. This has resulted in maximising realisations for the benefit of the administration estate and, importantly, the safeguarding of the Company's workforce of 36 staff.

The works are anticipated to result in the stated purpose of the administration being achieved and it is therefore seen as a highly effective application of the joint administrators' time and resources.

1.7 The views of the creditors

The Company's secured creditor was kept fully up to date of progress during the period leading up to the formal appointment of the joint administrators. HMRC were also notified of a potential administration and sale of the business, although no response was received.

The views of the Company's creditors with regards to the discharge of the pre-appointment costs have not been sought directly until this point.

1.8 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The joint administrators are seeking agreement to a resolution to their pre-administration costs as follows: "That the unpaid pre-administration costs detailed in the joint administrators' statement of proposals for achieving the purpose of Administration be approved for payment."

1.9 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group

Category 2 Disbursements

Pursuant to the resolution being sought in relation to the unpaid pre-Administration costs, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements are proposed to be charged in relation to the period prior to appointment:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
None	N/A
TOTAL	N/A

1.10 Other professionals employed & their costs

MGR were chosen to assist the proposed joint administrators with the task of appraising and reporting on the Company's assets. They were chosen due to their knowledge of the insolvency sector as well as their experience of dealing with marketing businesses as a going concern. MGR have incurred the sum of £6,200.00 plus VAT for assisting with such matters.

NDP were chosen to assist the proposed joint administrators with the preparation of the appointment documents and it was originally envisaged that they would deal with the drafting of the agreement for the sale of the business as a going concern. Due to timing issues the latter was not possible, therefore the proposed joint administrators instructed Irwin Mitchell to continue that process. NDP have incurred £6,841.00 plus VAT along with disbursements of £115.00 in assisting with matters at the pre-appointment stage.

Irwin Mitchell were chosen to advise on the legal matters commensurate with formulating the sales agreement and other advice relating to the appointment. Irwin Mitchell were instructed due to their extensive experience in dealing with insolvency matters. They have incurred £6,176.50 plus VAT in assisting with matters at the pre-appointment stage.

1.11 Staffing and management

The pre-appointment phase has been managed predominantly by the joint administrators with assistance from administrative staff where necessary.

The joint administrators have however secured the assistance of a senior manager and a senior administrator to assist with the case, both of which will report directly to the appointed office holders.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor (SY) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3.
- 2.2 The rates charged by the various grades of staff who may work on a case are also attached at Appendix 3.

Staff Grade	Consultant/ Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration												
Administration		4.4	0.6					0.2		5.20	2,223.00	427.50
Case planning		5.7				11.5				17.20	5,124.00	297.91
Assets												
Negotiation of sale of business +/- assets		25.8								25.80	11,481.00	445.00
Creditors												
Other creditors												
Secured - correspondence and meetings		0.1								0.10	44.50	445.00
Other Matters												
Meetings and correspondence with directors												
Travel												
Total hours by staff grade		36.0	0.6			11.5		0.2		48.3		
Total time cost by staff grade £		16,020.00	237.00			2,587.50		28.00			18,872.50	
Average hourly rate £		445.00	395.00			225.00		140.00				390.73
Total fees drawn to date £											0.00	

Martin Clayton Transport Limited**SUMMARY OF TIME COSTS AND EXPENSES**

This summary, which should be read in conjunction with the Time Costs Analysis for the period of the report attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case.

What work has been done since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached.

General case administration and planning

The joint administrators' have arranged for the Company's statutory information that is within their possession to be reviewed and updated onto their systems to enable the relevant statutory documentation to be issued. In addition, the statutory checklists have been completed to ensure that the necessary paperwork following the joint administrators' appointment has been issued where relevant.

An estate bank account has been opened in readiness for future realisations to be collected.

A case specific diary template has been added to the joint administrators' system, which assists the joint administrators in keeping all statutory matters up to date.

Also, correspondence has been issued to the directors for information which remains outstanding to enable the joint administrators to comply with their statutory duties.

Time has been spent updating internal systems to ensure that all information required to allow the joint administrators to effectively manage the administration of the case, has been obtained and held.

We have formulated an appropriate strategy and monitored and reviewed that strategy to ensure that the case is administered and progressed efficiently.

Whilst such works have not necessarily benefitted creditors financially, they were necessary to ensure that the case has been administered effectively both to date and going forward.

Compliance with the Insolvency Act, Rules and best practice

Upon their appointment, the joint administrators issued statutory notices of their appointment to the Company's creditors, members, HM Revenue & Customs and to the Registrar of Companies. In addition, they requested an advert confirming their appointment be placed in the London Gazette.

A statutory bond has been requested to cover the realisations received into the case for the benefit of the Company's creditors.

Creditors have been provided with the attached report and SIP16 disclosure notice. Requests for the approval to various resolutions as detailed within this report have also been issued to the Company's secured creditor, Bibby.

The joint administrators have requested that the Company's registered office be changed to that of the practice.

Whilst the above will not result in a better return to the Company's creditors, the works are required by statute and therefore the costs of completing the same cannot be avoided.

Investigations

Due to the limited time which has passed since their appointment, the joint administrators have not undertaken any investigation works. They have however requested the required information to enable their investigations to begin imminently. This will be required to allow the joint administrators' to undertake their investigations in due course and meet the requisite statutory obligations.

The above may ultimately result in increased realisations for the benefit of the estate, however it is not currently possible to quantify the same.

Realisation of assets

As stated in the attached proposals and in the SIP16 disclosure, the major assets of the business were sold as a going concern on the date of the joint administrators appointment. Time has therefore been spent finalising this sale with the assistance from our solicitors, Irwin Mitchell.

The above may ultimately result in increased realisations for the benefit of the estate, however it is not currently possible to quantify the same and, therefore, the benefit to creditors, if any, is also not definitively known.

Trading

The Company has not been traded during the Administration period to date and will not trade in the future. No costs have therefore been incurred in this regard.

Dealing with all creditors' claims (including employees), correspondence and distributions

We have corresponded with Bibby to confirm our appointment and the completion of the sale agreement.

We have also issued notices of our appointment to creditors as required.

This work will not result in a direct financial benefit to creditors but dealing with their queries is necessary.

Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

The joint administrators have issued form VAT 769 to HM Revenue & Customs in order to provide the Crown with formal notification of the insolvency proceedings.

The Pension Protection Fund, The Pensions Regulator and NEST Pensions have been notified of the joint administrators' appointment.

Such works are essential to progress and administer the administration but will not result in a better return for the Company's creditors.

Time Costs Analysis

An analysis of time costs for the period of the report is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

Details of the pre-administration costs incurred and the approval of which are sought, are detailed within the statement of proposals to which this summary of time costs and expenses is attached.

Why have subcontractors been used?

Subsequent to the joint administrators appointment Irwin Mitchell have been instructed to undertake a security review of the security held by Bibby. This is to confirm the terms of the security so that the joint administrators can determine what assets fall under Bibby's fixed and floating charges.

Irwin Mitchell have been chosen based on their experience of dealing with such matters.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

As the Administration case progresses, updates will need to be made to the strategy dependent upon the outcome of the realisations and investigations. This will include meetings between members of staff to formulate the strategy moving forward and ensure that the strategy is achieved in a timely manner.

Regular case reviews will be undertaken to ensure that the case is progressed proficiently and that all pertinent case matters are dealt with appropriately.

Regular bond reviews will also be undertaken to ensure that the level of the statutory bond remains sufficient.

General banking duties, including the banking of cheques and payments will be undertaken. The account will also be reconciled regularly to ensure that our systems are up to date.

We are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case on an ongoing basis. Periodic reviews will be carried out and this will include compliance reviews, internal checklist updates and diary reviews.

The above will not result in a better return for the Company's creditors but will ensure that the case progresses in an efficient manner.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act, Rules and best practice require us to undertake various activities during the course of the Administration, which include the following:

1. Providing creditors with confirmation that the joint administrators proposals have been approved;
2. Providing creditors with a six monthly progress report;
3. Producing a final report once we have concluded the Administration.

Copies of the above will also be issued to the Registrar of Companies with the relevant supporting documents.

Whilst creditors will not benefit financially from the above, they will benefit from the information that they receive.

Investigations

The joint administrators are required to undertake an initial investigation into the director's actions in respect of the Company and to determine whether or not further detailed investigations are required. This investigation will include a review of the Company's books and records, the Company's accounting system, bank statements, management and filed accounts and any payments made to connected parties.

A confidential report on the director's conduct will then be prepared and issued to the Department for Business, Energy & Industrial Strategy.

Unless any antecedent transactions are uncovered as a result of our findings, there will not be any financial benefit to the creditors of this work being undertaken. However, as this work is a statutory requirement these costs cannot be avoided.

Realisation of assets

The joint administrators will monitor receipt of payment of the consideration due under the sale and purchase agreement and if payment is not received within the agreed timescale they will look to rely on the security from MCTL and Martin Clayton personally.

The joint administrators will also liaise with Bibby in relation to the collectability of the Company's debtor ledger.

The above works are anticipated to result in additional realisations for the estate and therefore will be beneficial to the Company's creditors as a whole.

Trading

As already mentioned, the Company will not be traded at any point during the administration period.

Dealing with all creditors' claims (including employees), correspondence and distributions

The joint administrators will undoubtedly receive enquiries and correspondence from the Company's creditors and we aim to respond to all such communications in both a timely and effective manner.

The joint administrators will liaise with Bibby in relation to the distribution anticipated to be made to them.

Should a distribution be available to the Company's unsecured creditors under the terms of the Prescribed Part, steps will be taken to issue a dividend exclusion notice and agree creditor claims.

The above work will not financially benefit the Company's, however, will assist in allowing creditors to understand the position and will facilitate any dividend available.

Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures) tax, litigation, pensions and travel

Depending on the outcome of our investigations mentioned above, the following matters may or may not be required during the course of the Administration:

1. Submitting final tax returns and assessing whether there are any funds due to the Company;
2. Attending meetings with the Company's directors, creditors and other stakeholders;
3. Travel to any meetings;
4. Dealing with any media enquiries;
5. Continuing to deal with any pension scheme formalities;

Any benefit to creditors will be dependent upon the nature of the work required. An update in this regard will therefore be provided in our next report to creditors.

How much will this further work cost?

As detailed in the fee estimate attached as part of this Appendix, we estimate the total time costs for the administration to total £45,073.70 (this includes time incurred since 8 August 2019 to date). Please be advised that this is just an estimate based upon the time spent on similar historic cases and is therefore subject to change

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses attached at Appendix 3.

SIP9 Martin Clayton Transport Limited - Administration - 91MA06C-ADM : Time Costs Analysis From 08/08/2019 To 14/08/2019

Staff Grade	Case planning	Consultant/Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Administration						0.2				0.2	45.00	225.00
	Total for General Case Administration and Planning:						0.2				0.2	45.00	225.00
	Appointment						20.6				20.6	4,635.00	225.00
Compliance with the Insolvency Act, Rules and best practice	Banking and Bonding												0.00
	Case Closure												0.00
	Statutory reporting and statement of affairs												0.00
Investigations	Total for Compliance with the Insolvency Act, Rules and best practice:						20.6				20.6	4,635.00	225.00
	CCDA and investigations												0.00
	Total for investigations:												0.00
Realisation of assets	Debt collection												0.00
	Property, business and asset sales												0.00
	Retention of Title/3rd party assets												0.00
Trading	Total for Realisation of assets:												0.00
	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured												0.00
	Others						0.1				0.1	22.50	225.00
	Creditors committee												0.00
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel	Total for Dealing with all creditors claims (including employees), correspondence and distributions:						0.1				0.1	22.50	225.00
	Seeking decisions of creditors												0.00
	Meetings												0.00
Total for Other matters:	Other												0.00
	Tax												0.00
	Litigation												0.00
Total hours by staff grade:	Total for Other matters:						20.9				20.9		
	Total time cost by staff grade:						4,702.50					4,702.50	
	Average hourly rate £:						225.00	0.00	0.00	0.00			225.00
Total fees drawn to date £:	Total fees drawn to date £:											0.00	

MARTIN CLAYTON TRANSPORT LIMITED
THE JOINT ADMINISTRATORS' FEES ESTIMATE

Further to our appointment as joint administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the Administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	57.1	9,540.20	167.08
Compliance with the Insolvency Act, Rules and best practice	76.2	19,005.50	249.42
Investigations	20.8	6,071.00	291.88
Realisation of assets	30.4	7,816.00	257.11
Trading	-	-	-
Dealing with all creditors' claims (including employees), correspondence and distributions	13.70	2,169.00	158.32
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel	2.60	472.00	181.54
Total hours	200.8		
Total time costs		45,073.70	
Overall average hourly rate £			224.47

Although the fees estimate indicates that the total time costs for this matter will be £45,073.70, we are aware that there are limited assets to realise and so the time costs that we will be able to draw will be limited to the amount that is realised for the assets. However, please note that should there be additional or unexpected asset realisations, we will look to draw our fees from those too. For the avoidance of any doubt, the above estimate relates to the period of Administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the Administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>. A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>.

Dated: 14 August 2019

MARTIN CLAYTON TRANSPORT LIMITED

DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION

No.	Type of expense	Description	Estimate £
1.	Statutory Advertisements	Of appointment, dividends etc.	225.00 plus VAT
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds.	420.00 plus VAT
3.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements.	3,000.00 plus VAT where applicable
4.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate.	50.00
5.	Investigation expenses	Any sums paid to any third party that assists the Insolvency Practitioner with investigating the affairs of the insolvent entity.	1,000.00
6.	Postage costs	In relation to issuing circulars to the Company's creditors and other interested parties.	250.00 plus VAT

For the avoidance of any doubt, the above estimate relates to the period of Administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the Administration, nor does it include any pre-appointment costs which are disclosed in section 9 of the attached Proposals.

Please note that the legal expenses referred to above is subject to change and is dependent upon the level of investigative works required.

SIP 16 STATEMENT

MARTIN CLAYTON TRANSPORT LIMITED (IN ADMINISTRATION) ("THE COMPANY")

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 8 AUGUST 2019

Background Information

Our proposals for achieving the purpose of the administration provide detailed information in relation to the Company. The following background information is provided to assist creditors who may have limited knowledge of the Company and its affairs to better understand the reasons for the pre-packaged sale.

The Company was formed in 2005 as a transport courier business after the director had worked as a sole trader for many years in the industry. From the outset the Company worked exclusively for a third party who was taken over by an alternative third party company ("the Principal") in 2008. The Principal required the Company's contract to be awarded by tender and the Company was successful in this regard. It was a rolling contract which remained in place ever since as the Company, the Company's director and Martin Clayton personally had a good reputation with the Principal. The contract covers the WA postcode, primarily Warrington, St.Helens & Widnes.

Initially, in addition to the director, the Company employed just one driver but over the years, as the workload increased, further staff were employed, peaking at approximately 35 (drivers, warehouse staff and office staff). As work and staff increased the number of vehicles which the Company operated increased accordingly.

In 2016 the Principal offered the director the contract for the whole of Norfolk, which was duly accepted through a separate limited company - We Are Pronto (Norwich) Limited ("WAP"). Two successive managers of the Norfolk operation left the business and given the large and rural nature of Norfolk and the distance from the company's base the director found it difficult to manage WAP. WAP was losing money and approximately £200,000.00 was injected from the Company and Martin Clayton personally in attempts to support it. After seven months requests were made to the Principal to increase the rates on the Norfolk contract and whilst this did occur, it was insufficient. The requisite three months' notice was given on the Norfolk contract, which ended in 2017. WAP was placed into Creditors Voluntary Liquidation on 15 April 2019 with two insolvency practitioners in the Begbies Traynor Birmingham office being appointed.

Upon instructions the director confirmed that motor vehicles, which were subject to hire purchase agreements with Lombard Vehicle Finance ("Lombard"), had already been transferred to an associated company, M Clayton Transport Ltd ("MCTL"). The assets of the business were the goodwill, the contract and nominal furniture and equipment, along with debts subject to Bibby's charge. Shortly prior to the appointment of the joint administrators it was further confirmed that MCTL had entered into a new agreement with the Principal for the supply of services previously offered by the Company.

**3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP, a limited liability partnership, registered in England No. OC309058, registered office 340 Deansgate, Manchester, M3 4LY.

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group, Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability.

Prior to the third party motor vehicles being transferred to MCTL, we understand that the Company was paying a considerable amount in relation to vehicle finance and insurance costs, which were putting further strain in the Company's cash flow.

We have not seen any evidence nor have we been advised that the company's contract with the Principal has been terminated and therefore as at the date of our appointment it would have been possible for a third party to purchase the Company's business and seek a novation of the contract. This was, however, deemed unlikely given the goodwill and the relationship between Martin Clayton and the Principal.

As MCTL did not have any employees, the employees of the Company had been utilised by MCTL to fulfil the needs of the contract. We are advised that MCTL covered all costs incurred by the Company in this regard.

To assist the Company with its cashflow, the director sought and obtained funding. The Company's debts are subject to a factoring agreement with Bibby Factors Northwest Limited ("Bibby") which was created on 18 April 2019 and delivered to the Registrar of Companies on 23 April 2019.

The reasons for the Company's insolvency

The director attributes the Company's demise entirely to the unsuccessful Norfolk contract, which it sought to subsidise (along with Martin Clayton personally), having traded satisfactorily for many years previously. Over the past three years the Company has tried but struggled to recover from this bad debt.

The Company never required bank funding, other than asset finance on the vehicles, and for years never experienced any problems with payments to HM Revenue & Customs ("HMRC") or suppliers. The debt to the director arose as a result of injecting personal funds to compensate for the Company loaning funds to WAP.

More recently, the Company has been experiencing pressure from HMRC, particularly regarding a substantial PAYE liability that has accrued but also including VAT and Corporation Tax debts.

Without any other viable sources of finance, it was therefore agreed that the Company was insolvent and therefore needed to enter into an insolvency procedure. The following options were considered:

Company Voluntary Arrangement ("CVA")

A CVA would only have been a viable option if sufficient funds could have been raised or set aside from future trading profits to enable a satisfactory offer to be made to the Company's creditors. Whilst the director believes that going forward a new business will be viable, due to the contract between MCTL and the Principal, the Company was not anticipated to make sufficient profit to propose a meaningful CVA.

Creditors Voluntary Liquidation ("CVL")

The Company's main asset, following the existence of a contract between the Principal and MCTL, is the Company's goodwill. MGR Appraisals ("MGR"), the valuers instructed in this matter, have

**3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP, a limited liability partnership, registered in England No. OC309058, registered office 340 Deansgate Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group. Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability

advised that whilst the goodwill relates to Martin Clayton personally, it is also linked to the contract with the Principal. Whilst the value of the contract has diminished due to the existence of the contract between MCTL and the Principal, Martin Clayton had expressed a desire to purchase the same to allow a seamless transfer of the business to MCTL.

Had the Company proceeded into CVL it would have resulted in an immediate cessation of trade which would have materially impacted upon the perceived value of the goodwill. In addition, a CVL would have resulted in the loss of 36 jobs, which would have led to preferential claims within the liquidation of circa £30,000 and additional unsecured claims estimated at £150,000.

With lower anticipated realisations and higher claims from both secured and preferential creditors, CVL was not considered the most appropriate option as the level of realisations achievable and therefore the return available to creditors as a whole was anticipated to be significantly lower than if placing the Company into administration.

Administration with a sale of the business following a period of trading

As stated above, a new contract was entered into between MCTL and the Principal on 1 July 2019. As such, the Company was no longer providing a service to the Principal. Whilst the contract had not been terminated as at the date of the joint administrators' appointment it was not anticipated that the Principal would accept services from a company in administration when MCTL could offer the same. This option was therefore not viable.

Administration with a sale of the business via a pre-packaged sale

With MCTL already having the necessary motor vehicles to service its contract with the Principal, Martin Clayton believed that, by purchasing the remaining assets of the Company's business, MCTL would solidify its future and be able to service its contract efficiently through the adoption of staff. It was also possible that third parties would seek to purchase the Company's business if Mr Clayton had agreed to work with them, on the basis that this may have allowed the Company's contract to have been novated.

Should either option have resulted in a sale, due to the Company's tangible assets having such a nominal value, any realisations achievable for goodwill via a pre-pack sale were anticipated to result in a better return.

Administration with an orderly wind down of the business and a sale of the assets on a break up basis

Due to the nature of the Company's business and based on the Company's assets, should a pre-packaged sale not have been viable the Company would have been placed into CVL rather than administration. Realisations would therefore have been significantly lower as goodwill would not have been easily realised.

As a result of the Company's insolvency, and the considerations set out above, the director concluded that it was necessary for the Company to be placed into administration. He further concluded that it was

**3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ, Sheffield.North@Beggies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.beggies-traynor.com**

Beggies Traynor is a trading name of Beggies Traynor (SY) LLP, a limited liability partnership, registered in England No. OC309058, registered office 340 Deansgate, Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Beggies Traynor Group. Specialist Professional Services www.beggies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability

in the best interests of creditors as a whole for a purchaser of the business to be sourced. As such, the director instructed MGR to market the business for sale as a going concern.

The reasons for the pre-packaged sale

Due to the nature of the Company's business, and due to the nominal assets which remained in the Company as at the date of our appointment, the value of the Company was believed to be nominal to anyone other than the director. This is on the basis that any third party purchaser without the co-operation of Martin Clayton was not anticipated to be able to novate the Company's contract with the Principal, especially in light of the contract between MCTL and the Principal.

Having received an offer above valuation, acceptance of the offer was anticipated to maximise the potential return to creditors as a whole.

Having marketed the business for sale via MGR, three expressions of interest were received as follows:

1. An offer of £1 was received to purchase the shares of the Company. Having requested evidence that this party had sufficient funds to cover the Company's liabilities in full, no response was received by the deadline set. This offer was, therefore, deemed to have been withdrawn;
2. An offer of £25,000 was received from a third party on the basis that the business be sold as a going concern via administration;
3. An offer of £60,000 was received from MCTL on the basis that the business be sold as a going concern via administration.

Based on the advice provided by MGR the offer from MCTL was accepted, on the basis that it was the highest offer received and also on the basis that with MCTL having already secured a contract with the Principal, the future employment of the Company's employees was deemed to be more secure than if the staff had been transferred to another party who could not guarantee a novation of the Company's contract with the Principal.

Should the pre-packaged sale to MCTL not have been completed, it may have been possible to conclude a sale at £25,000. However, this party was unaware of the new contract between MCTL and the Principal on the basis that at the time of advertising neither MGR or the proposed joint administrators were aware of the same. Any offer from this third party was therefore likely to either be reduced or withdrawn upon being notified of the same.

Should no pre-packaged sale have concluded, no realisations would have been achievable in relation to the goodwill with the tangible assets being valued at such a nominal sum, the return to creditors as a whole would have been significantly reduced, with no distribution being anticipated to any class of creditor.

Whilst not straightforward the pre-packaged sale has maximised realisations within the administration and has safeguarded the future employment of 36 employees.

**3rd Floor, Westfield House, 60 Charter Row , Sheffield , S1 3FZ, Sheffield.North@Beggies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.beggies-traynor.com**

Beggies Traynor is a trading name of Beggies Traynor (SY) LLP a limited liability partnership, registered in England No. OC309058 registered office 340 Deansgate Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Beggies Traynor Group Specialist Professional Services www.beggies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability

The statutory purpose of Administration that was pursued

The joint administrators must seek to achieve one of the three following purposes of administration:-

- (a) rescuing the Company as a going concern, or
- (b) achieving a better result for the Company's creditors as a whole than would have been likely if the Company had been 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 extent of the Company's insolvency it was not anticipated that the Company could be rescued as a going concern.

Should the pre-packaged sale not have completed the Company would have entered into CVL, with all employees being made redundant. Whilst it is not anticipated that a return will be available to unsecured creditors after allowing for the costs of administration, the secured creditor is anticipated to benefit from the actions taken and preferential claims have been mitigated.

As no distribution will however be made to the unsecured creditors, the objective of the administration is not to achieve a better result for the Company's creditors as a whole than would have been likely if the Company had been wound up (without first being in administration).

Notwithstanding the above, the actions taken by the joint administrators have not been detrimental to the creditors as a whole.

As a result of the sale concluded it is anticipated that realisations will be sufficient to allow a distribution to be made to the Company's secured creditor. As such, the purpose of the administration is to achieve purpose (c), which is to realise sufficient property to enable a distribution to be made to the secured creditor, Bibby.

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (SY) LLP's initial introduction to the Company?

The director is currently dealing with the Birmingham office of Begbies Traynor in relation to WAP, a company which has a common director in Martin Clayton. The Company is the sole shareholder in WAP. For the purpose of transparency and to avoid any perceived conflict of interest, the matter was referred to the Sheffield office by Neil Jeeves of Begbies Traynor Birmingham on 2 July 2019. To avoid any potential conflicts, the matter is not being administered by the Birmingham office.

We are advised that Neil Jeeves requested a valuation of the Company's assets in June 2019 and that he also requested details of the Company's financial position from the director.

Upon receipt of the above, the matter was referred to the Sheffield office due to their connection to WAP.

**3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP, a limited liability partnership, registered in England No. OC303053, registered office 340 Deansgate, Manchester, M3 4LY.

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group. Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability.

What was the extent of Kris Anthony Wigfield and Claire Elizabeth Dowson, their associates and Begbies Traynor (SY) LLP's involvement with the Company before appointment?

As stated above, Kris Anthony Wigfield and Claire Elizabeth Dowson were contacted by Neil Jeeves of Begbies Traynor Birmingham on 2 July 2019 who provided a summary of the Company's financial position.

Following receipt of the same, additional information was requested and obtained from Mr Clayton with steps being taken to confirm the position expressed to Neil Jeeves as being correct.

Kris Anthony Wigfield and Claire Elizabeth Dowson were engaged by the Company on 9 July 2019 to provide advice in relation to the proposed Administration and to assist with lodging a Notice of Intention to appoint Administrators ("NOI"). An initial NOI was filed on 15 July 2019 which provided the Company with protection from creditors whilst additional information was provided to the joint administrators.

It was clear that the Company was unable to discharge its ongoing liabilities and was unable to make a payment to HMRC for its growing debts. The Company was therefore insolvent on both a cash flow and a balance sheet basis, with its liabilities exceeding its assets.

MGR were engaged to market the business for sale and an advert was subsequently placed on MGR's website and IP-Bid, an online third party insolvency market place. Details of the business for sale were also circulated to 1,105 contacts on MGR's database and to approximately 600 people within the Begbies Traynor Group. Marketing commenced on 17 July 2019 with expressions of interest being requested by close of business on 25 July 2019. The marketing undertaken is believed to have subjected the largest number of parties possible to the teaser document. The deadline for offers was set based on the anticipated expiry of the NOI, however due to the offer to purchase the Company's shares, further works were required to establish whether a solvent sale without a process was possible.

During the process Kris Anthony Wigfield and Claire Elizabeth Dowson liaised with the Company's secured creditor regarding the proposed appointment and sale of the business and discussed key progress issues in an open and transparent manner.

Having entered into further correspondence with the party interested in purchasing the Company's shares, the required evidence was not received as requested. It was therefore determined that this party would not proceed.

On this basis a second NOI was filed on 1 August 2019. Discussions were held with MGR in relation to the two remaining offers with the offer from MCTL ultimately being accepted.

Irwin Mitchell ("IM") were instructed to draft the necessary Sale and Purchase Agreement ("SPA").

Whilst there was a delay in completing the sale due to information coming to light regarding MCTL raising invoices prior to a sale concluding, our investigations highlighted the existence of a contract between MCTL and the Principal.

**3rd Floor, Westfield House, 60 Charter Row , Sheffield , S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP a limited liability partnership, registered in England No. OC309058 registered office 340 Deansgate, Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors and Consultants acting as administrators or administrative receivers contract as agents and without personal liability

Having discussed the matter with MGR and IM it was agreed that the offer was still in excess of the valuation for the business and, therefore, the SPA was amended to specifically exclude the contract with the sale relating predominantly to goodwill.

Prior to their appointment the proposed joint administrators advised the Company and not the director on his personal position, the director being encouraged to take independent advice on several occasions.

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Kris Anthony Wigfield and Claire Elizabeth Dowson prior to their formal appointment as joint administrators and not by the director of the Company. It was made clear to the director that once Kris Anthony Wigfield and Claire Elizabeth Dowson were appointed as joint administrators that their responsibilities would be to act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the joint administrators.

Prior to their engagement on 9 July 2019, the Begbies Traynor Sheffield office had previously had very brief discussions with Mr Clayton in relation to the proposed liquidation of WAP, however Mr Clayton subsequently contacted the Begbies Traynor Birmingham office in this regard. Due to the minimal discussions held and no previous appointment being taken, neither Kris Anthony Wigfield nor Claire Elizabeth Dowson believe they may have any conflict to be able to act in this matter.

Was the business or were the assets of the Company acquired from an insolvency practitioner in the 24 months prior to this pre-packaged sale?

The business has been running since 2005 and therefore has not been acquired from an insolvency practitioner within the last 24 months.

Details of the marketing of the business and assets of the Company that were undertaken prior to the pre-packaged sale

We are not aware that the Company's business was marketed for sale prior to the joint administrators' instruction.

As detailed above, MGR were engaged to undertake a valuation of the business and assets and take steps to market the business for sale. A full marketing campaign took place between 17 July 2019 and 26 July 2019. As stated above, a teaser document was prepared and issued to 1,105 parties held on MGR's database by e-mail shot. In addition, an advertisement was placed on IP-Bid as well as MGR's website and details of the business for sale were also circulated within the Begbies Traynor Group.

In response to the marketing campaign, 77 registered buyers clicked through to the MGR website and of those parties 18 responded as being interested. Ultimately, Kris Anthony Wigfield and Claire Elizabeth Dowson received three offers, including an offer from the Company director. The offers received were as follows:

**3rd Floor, Westfield House, 60 Charter Row , Sheffield , S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP, a limited liability partnership, registered in England No. OC309058 registered office 340 Deansgate, Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group, Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability.

- 1) A third party offered £25,000 to purchase the business as a going concern;
- 2) A third party offered to pay £1 for the shares of the business and to take over all liabilities of the Company. The third party failed to respond to requests for proof that funds were available to discharge all creditors liabilities by the date set; and
- 3) Martin Clayton offered £60,000 for the business via MCTL. Mr Clayton is a common director and shareholder.

What valuations of the Company's undertaking and assets were obtained?

MGR were instructed to value the Company's business and assets by Neil Jeeves of Begbies Traynor Birmingham and Martin Clayton. Such a valuation was undertaken on 4 June 2019. The valuer assigned to this project was James Gregory who is RCIS registered. Mr Gregory has confirmed that he carries adequate professional indemnity insurance and that he can act independently in this matter.

The Company's assets were valued on both an 'in-situ' and 'ex-situ' basis. Details of such valuations are provided below on the basis that the Company's business was either anticipated to be successfully sold as a going concern or cease to trade:

Category of Assets	Valuation £ (going concern basis)	Valuation £ (break-up basis)
Office furniture & equipment	300.00	100.00
Goodwill	10,000.00 – 20,000.00	N/A

As at the date of MGR's valuation the Company had in its possession various motor vehicles which were subject to third party finance. Such vehicles are believed, however, to have been transferred to MCTL prior to the joint administrators appointment. A full review of the same will be concluded in due course. However, as the vehicles were no longer assets at the date of our instruction, they have been excluded from the valuation provided above.

As referred to above, the goodwill of the business relates to Martin Clayton personally and therefore unless he was involved in any purchase, such an asset would not have been realisable. MGR have advised that the value of the goodwill on a going concern basis would vary depending on the purchasers relationship with Mr Clayton.

When calculating the value for the goodwill, MGR have advised that the previous value of the contract between the Company and the Principal needed to be considered.

Although MCTL has entered into a new contract with the Principal we understand that this was not a novation and that the Company's contract still exists.

We further understand that it was the goodwill relating to Mr Clayton which enabled MCTL to enter into the new contract with the Principal.

Whilst the Company's contract has been specifically excluded from the sale to MCTL, this is on the basis

**3rd Floor, Westfield House, 60 Charter Row , Sheffield , S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP a limited liability partnership, registered in England No: OC309058 registered office 340 Deansgate Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability

that the contract is (a) unlikely to currently have a value due to the new contract entered into and (b) to allow the joint administrators to investigate the terms of any connected party transactions, including the use of the Company's resources.

MGR have valued the goodwill based on the Company's turnover but also taking into account the importance of Mr Clayton's relationship with the Principal. In this instance, MGR advised that they believed the goodwill should be valued at 1.25% of turnover (being £1,863,177 for the year ended 31 May 2018). Furthermore, MGR advised that in the event that a sale took place to a connected party, the value to that party may be in excess of £20,000, with the value to an unconnected party potentially being less than £10,000.

What security (if any) has the Company provided to its creditors?

According to the records maintained at Companies House, the Company has granted security to three of its creditors, however two of the associated charges have since been satisfied.

Bibby Financial Services Limited hold a fixed and floating charge which was created on 18 April 2019 and delivered to Companies House on 23 April 2019. This remains outstanding.

RBS Invoice Finance Limited held a fixed and floating charge which was created on 8 March 2016 and delivered to Companies House on 9 March 2016. This charge is recorded as satisfied by the Registrar of Companies on 19 July 2019.

National Westminster Bank plc held a fixed and floating charge which was created on 25 April 2008 and delivered to Companies House on 29 April 2008. This charge is recorded as satisfied by the Registrar of Companies on 27 March 2019.

What alternative courses of action were considered by Kris Anthony Wigfield and Claire Elizabeth Dowson?

Full details of the alternative options considered are set out earlier in this disclosure.

Why was it not appropriate to trade the business during the Administration in order to offer it for sale as a going concern?

Details of why it was not considered appropriate to trade the business in administration in order to offer it for sale as a going concern are explained above. However, the principle reasons are as follows:

- A new contract was entered into between MCTL and the Principal on 1 July 2019 and, as such, the Company was no longer providing a service to the Principal. Instead, MCTL was believed to be paying the costs of the Company's employees to satisfy its services; and
- Without the Company having any orders it would not have been possible to trade the Company in administration.

**3rd Floor, Westfield House, 60 Charter Row , Sheffield , S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP, a limited liability partnership, registered in England No. OC309058, registered office 340 Deansgate, Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group, Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors and Consultants acting as administrators or administrative receivers contract as agents and without personal liability

What requests were made to potential funders to fund working capital requirements during the Administration?

As the Company was not traded whilst in administration no requests for finance have been made.

What efforts were made to consult major creditors?

Bibby were approached immediately following our engagement and were provided with full details of the proposed sale, including copies of the draft sale agreement.

The proposed joint administrators sent notification to HMRC (as the largest unsecured creditor) by e-mail of the proposed administration and pre-pack sale. To date, no response has been received from HMRC with regards to the same.

What was the date of the transaction?

The sale of the Company's assets to MCTL was completed on 8 August 2019.

What were the assets sold and what was the nature of the transaction?

The sale was a sale of the Company's business and assets as a going concern. MCTL has acquired the following assets:

- The Goodwill of the business;
- The Company name;
- Office furniture and equipment;
- Intellectual property;
- Data assets; and
- Software.

All assets other than those specifically stated above have been excluded from the sale. This includes, but is not limited to, the Company's books and records, the Company's book debts and the contract with the Principal.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

The total sales consideration is £60,000, payable in the following instalments:

	£
On 8 August 2019	10,000.00
1 September 2019	5,000.00
1 October 2019	5,000.00
1 November 2019	5,000.00
1 December 2019	5,000.00
1 January 2020	5,000.00

**3rd Floor, Westfield House, 60 Charter Row , Sheffield , S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP, a limited liability partnership, registered in England No: OC309058 registered office 340 Deansgate Manchester M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group. Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability

1 February 2020	5,000.00
1 March 2020	10,000.00
1 April 2020	10,000.00
TOTAL	60,000.00

The consideration shall be apportioned as follows and instalments will be applied on a pro-rata basis until the deferred consideration is received in full:

<u>Categories of Assets</u>	<u>Valuation (going concern basis)£</u>	<u>Valuation (break-up basis) £</u>	<u>Sum realised £</u>	<u>Fixed or Floating charge realisation</u>
Goodwill	10,000.00 – 20,000.00	Nil	59,500.00	Floating
Furniture & equipment	300.00	100.00	496.00	Floating
Company name	Nil	Nil	1.00	Floating
Intellectual property	Nil	Nil	1.00	Floating
Data assets	Nil	Nil	1.00	Floating
Software	Nil	Nil	1.00	Floating
TOTALS	10,300.00 – 20,300.00	100.00	60,000.00	

Due to part of the sales consideration being payable on deferred terms, the joint administrators have secured a debenture over the assets of MCTL. In addition, the joint administrators have obtained a guarantee from Martin Clayton personally.

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No.

Who was the purchaser?

The Purchaser is MCTL (CRN: 11836680) whose registered office is at 151 Priory Road, Hall Green, Birmingham B28 0SX.

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates?

Martin Clayton is the sole director and joint shareholder of the Company and the sole director and shareholder of MCTL.

Are any directors, or former directors, of the Company or their associates involved in the management, financing or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

Martin Clayton is directly involved in the management and ownership of MCTL.

**3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP, a limited liability partnership, registered in England No. OC309058 registered office 340 Deansgate Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group. Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors and Consultants acting as administrators or administrative receivers contract as agents and without personal liability

As detailed above, Martin Clayton is the sole director and joint shareholder of the Company and the sole director and shareholder of MCTL.

We are advised that Bibby has entered into an agreement to factor the debts of MCTL.

The pre-pack pool

The director was provided with full details of Statement of Insolvency Practice 16 and the Pre-Pack Pool. Whilst we recommended that the Purchaser approach the Pre-Pack Pool, he ultimately decided not to do so.

The purchaser's viability statement

A copy of the viability statement provided by the purchaser is attached at Annexure 1.

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

The director has advised that he has given a personal guarantee to Bibby with regards to the previous agreement.

What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?

As detailed above, part of the sales consideration is payable on deferred terms. A debenture over the assets of MCTL and a personal guarantee from Mr Clayton have been obtained as security.

In addition, the sale and purchase agreement contains an anti-embarrassment clause which requires MCTL to pay 50% of any uplift received should the business be sold on again within 24 months of completion of the sale.

**3rd Floor, Westfield House, 60 Charter Row , Sheffield , S1 3FZ, Sheffield.North@Begbies-Traynor.com
T: 0114 2755033 F: 0114 2768556 E: W: www.begbies-traynor.com**

Begbies Traynor is a trading name of Begbies Traynor (SY) LLP, a limited liability partnership, registered in England No. OC309058, registered office 340 Deansgate Manchester, M3 4LY

Kris Anthony Wigfield and Claire Elizabeth Dowson are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Begbies Traynor Group; Specialist Professional Services www.begbies-traynorgroup.com

Partners, Directors and Consultants acting as administrators or administrative receivers contract as agents and without personal liability



M Clayton Transport

24/07/2019

VIABILITY STATEMENT

To Whom it may concern,

I believe I am the best person to buy back the company based on my expertise and knowledge of the geographical area in which the company operates plus my partnership as a contractor with UPS Parcels for the last ten years.

The financial difficulties that Martin Clayton Transport experienced will not happen again due to a restructure of the company, which has involved bringing in an invoice finance company with a facility acquiring 85% of our total invoice immediately, thus enabling the new company with cashflow.

The new company have refinanced the vehicles reducing the monthly payments, as well as having a new insurance provider reducing even more costs, in all after all the restructuring the company has saved approx. £20K per month.

Regards

Martin Clayton.
Director

151 Priory Road
Hall Green
Birmingham B28 0SX
Email mctransport.ltd@gmail.com VAT No 317121148 Company Reg No 11836680

AM03 Notice of Administrator's Proposals



Presenter information

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

Contact name	Keith Wilson
Company name	Begbies Traynor (SY) LLP
Address	3rd Floor Westfield House
Post town	60 Charter Row
County/Region	Sheffield
Postcode	S 1 3 F Z
Country	
DX	
Telephone	0114 2755033



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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