

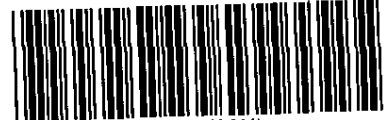
# AM03

## Notice of administrator's proposals



Companies House

WEDNESDAY



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28/02/2018

#490

COMPANIES HOUSE

### 1 Company details

Company number 07194642

Company name in full Ascroft Whiteside Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) R M

Surname Hilton

### 3 Administrator's address

Building name/number Adcroft Hilton Limited

Street 269 Church Street

Blackpool

Post town Lancashire

County/Region

Postcode FY1 3PB

Country

### 4 Administrator's name ①

Full forename(s)

Surname

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number

Street

Post town

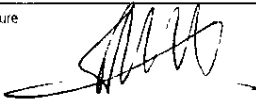
County/Region

Postcode

Country

② Other administrator  
Use this section to tell us about  
another administrator.

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	<div>Signature</div> <div><input checked="checked" type="checkbox"/> </div> <div><input checked="checked" type="checkbox"/></div>		
Signature date	<div><div><div>d</div><div>2</div><div>d</div></div><div><div>m</div><div>0</div><div>m</div></div><div><div>y</div><div>2</div><div>y</div></div><div><div>y</div><div>0</div><div>y</div></div><div><div>y</div><div>1</div><div>y</div></div><div><div>y</div><div>8</div><div>y</div></div></div>		

## 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

Sonya Brannigan

Company name

Adcroft Hilton Limited

Address

269 Church Street

Blackpool

Lancashire

Post town

County/Region

Postcode

F

Y

1

3

P

B

Country

DX

Telephone

01253 299399



### 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)

**In the High Court of Justice Business & Property Courts  
In Manchester Insolvency & companies List (Ch D)**

**No 2107 of 2018**

**ASCROFT WHITESIDE LIMITED  
In Administration**

**STATEMENT OF THE ADMINISTRATOR'S PROPOSALS  
PURSUANT TO SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

**Rosalind Mary Hilton  
Administrator**

**Adcroft Hilton  
269 Church St  
Blackpool  
FY1 3PB**

**Tel: 01253 299399  
Email: [recover@adcrofthilton.co.uk](mailto:recover@adcrofthilton.co.uk)**

**Disclaimer Notice**

- This Statement of Proposals has been prepared by, the Administrator of Ascroft Whiteside Limited, solely to comply with her statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of her proposals for achieving the purposes of the Administration and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- Any estimated outcomes for creditors included in this Statement of Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on this document for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Administrator does not assume any responsibility and will not accept any liability in respect of this Statement of Proposals.
- The Administrator acts as agent for ASCROFT WHITESIDE LIMITED and contracts without personal liability. The appointment of the Administrator is personal to her and, to the fullest extent permitted by law, Adcroft Hilton does not assume any responsibility and will not accept any liability to any person in respect of this Statement of Proposals or the conduct of the Administration.
- All licensed Insolvency Practitioners of Adcroft Hilton are licensed in the UK to act as Insolvency Practitioners.

**Contents**

- 1. Introduction**
- 2. Background to the Company**
- 3. Events Leading to the Administration**
- 4. The Purpose of the Administration**
- 5. Management of the Company's Affairs since the Administrator's Appointment**
- 6. Client Funds**
- 7. The Statement of Affairs and the Outcome for Creditors**
- 8. Pre-Appointment Costs**
- 9. The Administrator's Fees**
- 10. Approval of the Statement of Proposals**
- 11. Summary of the Administrator's Statement of Proposals**

**Attachments**

- A Definitions**
- B Statutory Information and SIP16 Statement**
- C Estimated Financial Statement (incorporating Estimated Outcome Statement) as at 19 February 2018 and Creditors' Details**
- D The Administrator's Receipts and Payments Account to 26 February 2018**

## **1. Introduction**

- 1.1** This Statement of Proposals is prepared pursuant to Schedule B1 of the Act in relation to the Company, the purposes of which are to provide creditors with a full update as to the present position and to set out the Administrator's proposals for achieving an Administration objective.
- 1.2** The Statement of Proposals also includes information required to be provided to creditors pursuant to the Rules. Definitions of the terms used in the Statement of Proposals are provided in Attachment A and statutory information pertaining to the Company is set out in Attachment B.
- 1.3** This Statement of Proposals is being delivered to creditors on 26 February 2018. The Administrator thinks that there is insufficient property for a distribution to the unsecured creditors (other than by means of the prescribed part). Consequently, and in accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, creditors are not being asked to decide on the Administrator's proposals, although they may ask the Administrator to request such a decision. Please see section 10 for further details.

## **2. Background to the Company**

- 2.1** The company was registered on 18 March 2010 and it took over a business that was originally established in 1876. The principal activity of the Company was a general solicitors practice. The company traded from leasehold premises at 303 Whitegate Drive, Blackpool FY3 9JS. In recent years, the company had suffered trading losses and the directors had been looking to develop a new business relationship with a third-party company to increase turnover. However, this relationship did not produce the anticipated income. The company was struggling with poor cashflow and missed VAT payments, which led to surcharges. Payment arrangements were entered into with HMRC and other creditors based on projected cash flow, however income fell below what was anticipated and the company fell into arrears with the payment arrangements.

### **Overview of Financial Information**

- 2.2** Extracts from the audited accounts for the 12 months to 31 December 2016 and 31 December 2015, are shown below.
- 2.3** Please note that this information has not been verified by the Administrator or by Adcroft Hilton.

**Ascroft Whiteside Limited (In Administration)**  
**Statement of Administrator's Proposals**  
**Pursuant to Schedule B1 of the Insolvency Act 1986**

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**Summary Profit and Loss Account**

	Accounts for year to 31 December 2016 £	Accounts for year to 31 December 2015 £
Turnover	365,860	388,367
Cost of Sales	(10,550)	(21,853)
Gross Profit	355,310	366,514
Administrative expenses	(361,450)	(367,833)
Operating loss	(6,140)	(1,319)
Investment revenues	1,129	1,106
Other Expenses	(18,094)	(24,336)
Loss before taxation	(23,105)	(24,549)

*Source: Draft financial statements*

**Summary Balance Sheet**

	Accounts for year to 31 December 2016 £	Accounts for year to 31 December 2015 £
Goodwill	140,000	150,000
Tangible assets	18,608	22,770
Fixed assets	158,608	172,770
Current Assets		
debtors	95,118	108,090
Cash at bank & in hand	11,907	762
	107,025	108,852
Liabilities		
Trade creditors	(52,383)	(-)
Other	(132,672)	(186,224)
Bank	(103,538)	(92,932)
Total Liabilities	(288,593)	(279,156)
Net Assets	(22,960)	2,466

### **Management and Employees**

- 2.4 The company employed approximately 12 staff.
- 2.5 Statutory information on the Company, including details of the Directors, Company Secretary, and Shareholders is provided at Attachment B.

### **3. Events leading to the Administration**

- 3.1 On 19 February 2018, Rosalind Mary Hilton, of Adcroft Hilton was appointed Administrator of the Company following the filing of a Notice of Appointment of Administrator by the Directors.

Prior to appointment the company approached Adcroft Hilton Limited for advice as it was clear that the wages for that week were unlikely to be paid. Advice was provided on 5 February 2018. Advice had previously been provided to the Company two years before, however the directors considered that they could trade out of the issues at the time with a new business arrangement to increase turnover.

Before the meeting on 5 February 2018, the directors had made enquiries with local and national law practices with a view to either a takeover or merger of the business. Some interest was shown; however, progress was slow. Only one offer had been received as at 6 February 2018.

- 3.2 For creditors' general information, the EU Regulation on insolvency proceedings applies in this case, and these proceedings are the main proceedings.

### **4. The Purpose of the Administration**

- 4.1 The purpose of an Administration is set out in Schedule B1, Paragraph 3(1) of the Act. In short, this provides that an Administrator of a company must perform his functions with the objective of:

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

- 4.2 These objectives form a hierarchy. The rescue of a company is the priority. If this is not possible, the Administrator seeks to achieve a better result for the creditors as a whole. In the event that this cannot be achieved, then the Administrator is permitted to realise assets for the benefit of the preferential or secured creditors.



**4.3** Due to a lack of working capital to fund ongoing trading, it was not possible to restructure the existing business or to propose a Company Voluntary Arrangement. Therefore, the first objective is not achievable.

**4.4** The second objective is normally achieved by means of a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation).

The Administration has enabled a sale of the assets to be achieved, which has improved the overall position, but the Administrator does not believe that ordinary, unsecured creditors will receive a dividend (other than via the prescribed part) and, therefore, they have not directly benefited. Accordingly, the Administrator does not consider it likely that the second objective will be achieved and has therefore proceeded to objective three.

**4.5** The third objective will be achieved through the sale of the Company's assets and by the collection of the Company's debtors.

**4.6** A detailed account of how the Administrator has sought to achieve the objective of the Administration is set out below.

## **5. Management of the Company's Affairs since the Administrator's Appointment**

**5.1** Immediately upon appointment the Administrator undertook a review of the Company's affairs with particular regard to its financial and resource requirements. This assessment was carried out in liaison with the remaining management of the Company.

### **The sale of the Company's business and assets**

**5.2** A pre-pack sale of the WIP was undertaken and the information relating to this sale is attached at Attachment B.

### **Sales to connected parties**

**5.3** There have been no sales of any of the Company's assets to connected parties since the Administrator's appointment.

### **Assets remaining to be realised**

**5.4** Negotiations in relation to the sale of the will bank are in the advanced stages and it is hoped a sale can be agreed in the coming days.

**5.5** On the Administrator's appointment, the value of the Company's sales ledger was £23,848. The Administrator's staff are collecting the book debts. As illustrated in the Estimated Outcome Statement at Attachment C, based on current information, it is estimated that book debt collections will total £14,308. This takes into account a provision of 40% for known bad and doubtful debts.

- 5.6 There is a quantity of office furniture and equipment estimated to realise £1,100. The Administrator's appointed agent, Breal are responsible for the realisation of these assets.
- 5.7 The balance held in the Company's office bank account as at 19 February 2018 was £1,068.96. The Administrator will request these funds from the Bank.

**Post appointment strategy**

- 5.8 Immediately following the appointment of the Administrator on 19 February 2018, members of the Administrator's staff attended the Company's site to secure files and books and records. All Company staff had been made redundant in the week ending 9 February 2018 because the Company did not have sufficient funds to pay their wages.
- 5.9 The Administrator's staff are in the process of collating creditors' claims and have handled creditors' queries as they have arisen which include telephone calls and correspondence.
- 5.10 The Administrator's legal advisors advised in respect of all legal issues arising on the sale of business and assets and have been assisting the Administrator with post appointment matters.
- 5.11 Some of the office equipment was financed via hire or leasing agreements. The Administrator's staff are contacting the providers of this equipment to confirm ownership and arrange collection if appropriate.
- 5.12 To advise on appropriate legal matters and to prepare required legal documentation, the Administrator instructed Freeths LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of Administrations.
- 5.13 In addition, Breal Asset Valuations Limited ('Breal'), a firm of chattel agents, was instructed by the Administrator to undertake inventories and valuations of work in progress, plant and equipment, fixtures and fittings and other chattel assets where appropriate. The agents also advised on the best method of disposal of those assets and assisted in their disposal, as well as assisted with claims of retention of title and security.
- 5.14 All professional fees are based upon the parties' recorded time costs incurred at their standard charge out rates and will be reviewed by the Administrator's staff before being approved for payment.

**Investigation into the Company's Affairs Prior to the Administration**

- 5.15 The Administrator is undertaking a review of the Company's trading activities in order to establish whether there are actions that may be taken for the benefit of the Administration and consequently to enable a conduct report to be submitted in respect of Company directors in office at the commencement of the Administration and any who resigned in the three years prior to the Administration.

- 5.16 Should any creditor have any concerns about the way in which the Company's business has been conducted or information on any potential recoveries for the estate, they are invited to bring them to the attention of the Administrator as soon as they are able.

## **6. Client funds**

- 6.1 The company operated specific client accounts to hold funds on behalf of clients. At the date of the Administrator's appointment, the balance in these accounts totalled £2,527,690. These funds will be transferred in accordance with client instructions, but it is anticipated that this will involve considerable time to verify individual client balances and obtain the necessary instructions from clients. The process for arranging the transfer of these funds has yet to be agreed with the Solicitors Regulatory Authority and the bank.

## **7. The Statement of Affairs and the Outcome for Creditors**

- 7.1 The Directors have not, to date, submitted a signed Statement of Affairs, although they have been asked to do so. An Estimated Financial Statement of the Company, including an estimated outcome statement, together with a list of the creditors, is attached at Attachment C for creditors' information. These details have been extracted from the Company's records and therefore no warranty can be given to the accuracy of the details given.
- 7.2 The Administrator has not carried out any work of the nature of an audit on the information.

### **Secured creditors**

- 7.3 The Company's Bank debt at the date of the appointment of the Administrator was £92,405.56 in respect of a term loan. The term loan was converted from the overdraft into a secured loan on 25 February 2015.
- 7.4 The anticipated recovery to the secured creditor is shown on the Estimated Outcome Statement at Attachment C.

### **Preferential claims**

- 7.5 Preferential claims relating to employee deductions are expected to be paid by the RPO who will have a corresponding preferential claim against the Company. These are likely to be in the region of £9,678. There are no other known preferential claims outstanding.
- 7.6 Section 176A of the Act requires Administrators to make a prescribed part of the company's net property, which is the balance remaining after discharging the preferential claims but before paying the floating charge-holder, available for the satisfaction of unsecured debts.

- 7.7 From the Statement at Attachment C, you will note that the net property is estimated to be £9,511, which would result in an estimated prescribed part of £4,755. Please note that the net property figures and associated costs can only be estimated at this stage and therefore the value of the prescribed part is only an estimate and is subject to change. It is possible that the net property will be less than the prescribed minimum of £10,000. If the net property is below £10,000, the Administrator is of the view that the costs of making a distribution to unsecured creditors would be disproportionate to the benefits and so will not be making a distribution of the prescribed part to unsecured creditors.
- 7.8 The Administrator does not propose to make an application to court under Section 176A(5) of the Act to disapply the prescribed part provisions, because the Administrator intends to distribute the prescribed part in the event that the net property exceeds £10,000.
- 7.9 As demonstrated in the Estimated Outcome Statement attached at Attachment C, on the basis of the costs incurred to date and the estimated further costs to be incurred in bringing the Administration to a conclusion, it is anticipated that there will be sufficient funds to pay a distribution to preferential creditors only.
- 7.10 Attached at Attachment D is the Administrator's receipts and payments account for the period from 19 February 2018 to 26 February 2018.

## **8. Pre-Administration Costs**

- 8.1 On 5 February 2018, the directors agreed with the proposed Administrator that Adcroft Hilton Limited be paid fees for work done prior to the Administration on the basis of time costs incurred by the insolvency practitioners and their staff at their standard charge-out rates of £18,650.50 plus VAT and related expenses for the following tasks and matters that were considered to be necessary to placing the Company into Administration.
- 8.2 Agents, Breal have incurred pre-appointment costs of £6,500 plus £94 disbursements plus VAT.
- 8.3 Solicitors Freeths LLP have incurred pre-appointment costs of £8,211.40 plus VAT plus £50 disbursement.

## **9. The Administrator's Fees**

- 9.1 The Administrator proposes to be remunerated on the basis of the time properly given by the Administrator and her staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by Adcroft Hilton at the time the work is performed (plus VAT); for the Administration and a set amount of £10,000 for the Liquidation in the event that the Company exits into Creditors' Voluntary Liquidation or Compulsory Liquidation and the Administrator become the Liquidator.

**9.2** The fixed fee in the Liquidation does not cover any work dealing with unknown assets or any claims for antecedent transactions or any other as yet unknown claims. The fee for any such work will be a time costs or percentage basis, to be agreed once the scale of work involved is known.

**9.3** The Administrator will seek approval for the basis of her fees from the secured and preferential unsecured creditors.

## **10. Approval of the Statement of Proposals**

**10.1** As explained in Section 6 above, the Administrator thinks that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of Section 176A(2)(a) of the Act). Therefore, pursuant to Paragraph 52(1)(b) of Schedule B1 of the Act, the Administrator is not required to seek creditors' approval of the Statement of Proposals.

**10.2** Notwithstanding this, the Administrator shall be required to seek a creditors' decision on whether to approve the Statement of Proposals, if it is requested by creditors whose debts amount to at least 10% of the Company's total debts. Such request must be delivered to the Administrator within 8 business days from the date on which the Statement of Proposals was delivered. Security must be given for the expenses of seeking such a decision.

**10.3** If no decision is requested, the Statement of Proposals will be deemed to be approved pursuant to Rule 3.38(4) of the Rules.

## **11. Summary of the Administrator's Proposals**

**11.1** The Statement of Proposals is summarised below.

**11.2** In order to achieve the purpose of the Administration, the Administrator formally proposes to creditors that:

- the Administrator continues to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
  - (i) she collects the deferred sale consideration in relation to the sale of the Company's business and assets
  - (ii) she continues to pursue and agree a sale of the will bank
  - (iii) she collects the book debts due to the Company
  - (iv) she manages the process for ensuring the proper dispersal of funds held in the client account

- (v) she investigates and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
  - (vi) she does all such things and generally exercise all her powers as Administrator as she considers desirable or expedient at her discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
- the Administrator makes distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, she may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.
  - the Administrator will end the Administration in one of the following ways, appropriate to the circumstances of the case at the time:
    - (i) in the event that there is no remaining property that might permit a distribution to the Company's creditors, she shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or
    - (ii) however, in the unlikely event that the Administrator thinks that a distribution will be made to unsecured creditors (and she has not sought the court's permission, and is otherwise unable, to pay the distribution whilst the Company is in Administration), she shall send to the registrar of companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, Rosalind Mary Hilton will be appointed Liquidator.

Creditors may nominate a different person or persons as the proposed liquidator or liquidators in accordance with Paragraph 83(7)(a) of Schedule B1 of the Act and Rule 3.60(6)(b) of the Rules, but they must make the nomination or nominations at any time after they receive the Statement of Proposals, but before it is approved. Information about the process of approval of the Statement of Proposals is set out at Section 9; or

- (iii) alternatively, and should there be no likely funds to distribute to unsecured creditors, the Administrator may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate. In such circumstances, Rosalind Mary Hilton may ask the court that she be appointed Liquidator.

**Dated this 26 February 2018**



**R M Hilton**  
**Administrator**

Rosalind Mary Hilton was appointed Administrator of ASCROFT WHITESIDE LIMITED on 19 February 2018. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as agent of the Company and contracts without personal liability.

**DEFINITIONS**

The Act	The Insolvency Act 1986
The Rules	The Insolvency Rules 1986 or the Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event described)
The Statement of Proposals	The Statement of the Administrator's Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act
The Administrator	ROSALIND MARY HILTON
The Company	ASCROFT WHITESIDE LIMITED (in Administration)
The Court	High Court of Justice Business & Property Courts In Manchester Insolvency & companies List (Ch D)
RPO	The Redundancy Payments Office
HMRC	HM Revenue & Customs
PP or Prescribed Part	The Prescribed Part of the Company's net property subject to Section 176A of the Insolvency Act 1986
SIP	Statement of Insolvency Practice (England & Wales)

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## ASCROFT WHITESIDE LIMITED (IN ADMINISTRATION)

## STATUTORY INFORMATION

Company Name	ASCROFT WHITESIDE LIMITED
Previous Name(s)	None
Trading Name(s)	Ascroft Whiteside
Proceedings	In Administration
Court	High Court of Justice Business & Property Courts in Manchester Insolvency & Companies List (Ch D)
Court Reference	2107 of 2018
Date of Appointment	19 February 2018
Administrator	Rosalind Mary Hilton Adcroft Hilton 269 Church Street Blackpool FY1 3PB
Registered office Address	303 Whitegate Drive Blackpool FY3 9JS  This will be changed to the Administrator's address as shown above.
Company Number	07194642
Incorporation Date	18 March 2010
Company Secretary	None
Appointment by	The Directors
Directors at date of Appointment	Fiona Reid Graeme Timothy Booth
Company Shareholdings	Fiona Reid 75 Graeme Timothy Booth 25

## **ASCROFT WHITESIDE LIMITED (IN ADMINISTRATION)**

### **PRE-PACK SALE DISCLOSURE**

In accordance with SIP16, I provide details regarding the sale of the Company's business and assets ("the Sale") and the events leading up to the Sale.

### **PRE-PACKAGED SALE**

The Company's main assets have been sold via a pre-packaged sale. The primary function of an administrator is to achieve one of the objectives set out in the Insolvency Act. In this case, the statutory purpose pursued is to realise the Company's property in order to make a distribution to one or more secured or preferential creditors. This transaction enables the statutory purpose to be achieved and in my view the outcome achieved was the best available outcome for creditors as a whole in all the circumstances. I provide below an explanation and justification of why a pre-packaged sale was undertaken.

### **The Roles of the Insolvency Practitioner**

Prior to commencement of the Administration, Adcroft Hilton acted as advisors to the Board of Directors in relation to the options for the Company. For the avoidance of doubt, neither Adcroft Hilton nor its Insolvency Practitioner advised the directors personally or any parties connected with the purchaser, who were encouraged to take independent advice. At all times prior to Administration, the Board of Directors remained responsible for and in control of the Company's affairs.

During this time, the Insolvency Practitioner took her own steps to prepare for her potential appointment as Administrator. At this point, there were clear advantages in looking to sell the company's assets swiftly on appointment, as this strategy would significantly reduce the ongoing costs of securing and maintaining the assets and it would avoid the substantial risks that the value of the assets would deteriorate due to the commencement of a formal insolvency regime. In addition, given that the main asset is the work in progress on client files, it was essential to ensure continuity of service for the clients. Therefore, the insolvency practitioner, with the assistance of professional and independent agents, considered the most effective method of securing a sale representing the best outcome for creditors as a whole and negotiated with parties interested in acquiring the assets of the Company to a point whereby a sale could be concluded shortly after the Administration had commenced.

Immediately on her appointment, the Administrator, as officer of the court and as agent of the Company, took over from the Board the responsibilities of managing the affairs, business and property of the Company. In the interests of the creditors as a whole and mindful of the need to achieve a statutory purpose of an Administration, she concluded the Sale.

Insolvency practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. The Administrator observed the Code in all her activities both prior to and after her appointment.

## Initial Introduction

Adcroft Hilton was initially approached by the Company's directors on 31 January 2018 and first met with the directors on 5 February 2018 to help advise on the options available for the Company, as it was deemed to be insolvent.

## Pre-appointment Matters

In addition to advising on the Company's options, our advice covered marketing the business and also involved negotiating and agreeing the contract to be completed following the Administrator's appointment. No fees have been agreed in respect of my pre-appointment advice. The Administrator intends to seek to have these fees approved and paid from the insolvent estate in due course.

A signed engagement letter was received from the directors of the Company on 5 February 2018. The Company traded as a firm of solicitors from 303 Whitegate Drive, Blackpool.

The directors advised that the Company had become insolvent due to the following factors.

It had suffered a downturn in turnover and increase in costs over the last few years. To try to improve matters, the directors worked with a third party that was looking to set up a 'business in a box' concept, sharing resources with other businesses that could refer work to each other, such as estate agents. Additional staff were employed on the basis that the third party would pay the wages. However, the third party only paid the net wages leaving the company to pay the PAYE and NIC. The relationship with the third party broke down in autumn 2017.

In October 2017, the directors sought the advice of a specialist insolvency solicitor and that firm's preferred insolvency practitioners as to the firm's financial position. At that time, they were advised that the firm was not insolvent and, based on anticipated fee income for December and January, would remain solvent. As a contingency plan, immediately thereafter the directors commenced negotiations with two different law firms with the hope of agreeing a deal that would either allow the Company to continue trading or a merger/takeover. Unfortunately, progress with one of the firms was slow and on Wednesday 31st January 2018 the directors attended a meeting with the other firm to discuss the matter in more detail. During this meeting, the directors were informed that the second firm was not interested in either merging with or taking over the company.

The Company granted the following security:

<u>Type of security</u>	<u>Name of charge-holder</u>	<u>Date of creation of security</u>
Debenture creating a fixed & floating charge	Lloyds Bank plc	25 February 2015

By 5 February 2018, it had become apparent that the Company required funding above the level available to it by its bank and neither the Company nor its investors were in a position to advance the necessary funding in order to pay wages due on 7 February 2018. All staff were made redundant that week and the last of them left on Friday 9 February.

A review of the Company's cash-flow revealed that there would be insufficient working capital available to allow the Company to continue to trade in the medium term in order for a purchaser to be found.

The options listed below were considered with the directors.

#### *Continuing to trade outside insolvency*

The Company had exhausted its available cash resources and its cash constraints were impacting on its ability to continue trading.

The Company's shareholders and bank confirmed that they were not able to provide the level of additional funding necessary to support the Company to trade, and therefore this option was not viable.

#### *Company Voluntary Arrangement ("CVA")*

Although a CVA would have given the Company some immediate relief from creditor pressure, without securing additional funding, the directors were not confident that the Company would be successful in trading through its difficulties.

#### *Liquidation*

The possibility of placing the Company into Liquidation was considered. However, it was decided that this was not the best course of action to take, as it was critical to secure a quick transfer of client files to preserve continuity and the value of the work in progress. Debtor realisations could also have been greatly affected.

#### *Pre-packaged Administration Sale*

There was insufficient working capital and no prospect of persuading new funding to allow medium-term trading to continue in order that the business and assets could be exposed thoroughly to the market. The benefits of achieving a pre-packaged sale were the absence of a break in supply of services, which would enable a value to be achieved for work in progress and ensure a more effective debt collection process.

#### ***The Administrator's Options on Appointment***

Immediately prior to appointment, the proposed Administrator had considered whether the first Administration purpose might be achieved by continuing to trade the business within Administration in order that a proposal for a CVA might be put to creditors. However, it was considered that trading the business during the Administration could not continue, as the Company had insufficient finance in order to do so and it was not clear that the business would trade profitably. For these reasons also, the Administrator considered it would not be in the interests of creditors as a whole to continue to trade the business in Administration in the short term with a view to exploring whether the existing offer for the purchase of the business and assets could be improved upon. In addition, there were no funds to pay the wages due in the week that Adcroft Hilton were instructed.

The Company's major creditor, Lloyds Bank plc, was contacted and the Company's circumstances and proposed strategy were explained. The creditor did not raise objections to the proposed pre-pack strategy.

The assets sold were not previously purchased from an insolvent company.

## **Marketing of the Business and Assets**

The directors were asked to provide information on any parties, of which they were aware, who would be interested in purchasing the business and/or assets of the Company.

The directors were asked for details of any marketing conducted by the Company prior to approaching Adcroft Hilton for advice and we were given details of their attempts to arrange a merger or takeover in the last few months.

Agents, Breal Asset Valuations Ltd, were then instructed to market the assets of the Company and were advised of all known interested parties.

### ***The Marketing Strategy***

It was agreed with the agents that the marketing and media coverage would include approaching all the parties who had previously expressed an interest in the firm and other similar practices in the local area. Due to the urgency of arranging a transfer of clients to ensure continuity of service, the marketing period was limited to a week, so there was little opportunity for wider marketing.

I was satisfied that this length of marketing achieved the best available outcome for creditors as a whole in all the circumstances.

The agents' marketing led to several parties expressing an interest and non-disclosure agreements were issued to four parties. However, only two parties returned signed agreements. All interested parties were informed that the deadline for receiving offers was midday on 14 February 2018. The assets being marketed were the current open files ('the WIP') and the stock of wills drafted by the Company and which the Company holds the original will ('the will bank'). Only one firm offer was received for the WIP and one for the will bank.

The marketing strategy has achieved the best available outcome for creditors as a whole in all the circumstances because if the WIP had not been purchased immediately after the Administrator's appointment, the value would have decreased quickly because there were no staff to continue managing the files.

## **Valuation of the Assets**

Breal were instructed on 6 February 2018 to value the business and assets of the Company. They confirmed their independence, are experienced insolvency valuers, and have adequate professional indemnity insurance.

Their valuation was received on 12 February 2018 and is detailed below:

	<b>Market value (in situ) £</b>	<b>Market value (ex situ) £</b>	<b>Actual Sale Price £</b>
<b>Assets Specifically Pledged</b>			
Office furniture and equipment	2,800	1,100	Not yet sold
<b>Assets Not Specifically Pledged</b>			
Work in progress	34,500	14,700	55,000 max

Goodwill & intellectual property (including the will bank)	15,000	5,000	Not yet sold
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The goodwill has been valued and the basis of this valuation is that the company had made losses for the last few years, therefore making the business as a whole unattractive to a third party investor. Neither of the directors wished to be involved in running a business at present. However, the will bank has the ability to generate future income from the eventual probate work associated with the wills. However, any agreed offer is likely to be speculative, as there is no guaranteed income from this source.

The in situ valuation reflects the estimated amount for which the assets could be sold with the ongoing involvement of current management. The ex situ basis reflects a sale to a non connected third party, with the enhanced risk of the client not instructing the purchaser. For the Specifically pledged assets, the in situ basis is that the purchaser will continue to use the assets in the same building. The ex situ basis is that the assets are removed from the premises at the expense of the purchaser. The Administrator considered the bases of the valuations appropriate, as she was able to consider offers with the objective of selling the business and assets as a going concern, but it was also necessary to understand what the assets might realise in the event that sale negotiations deteriorated.

The sale price achieved for the WIP compares favourably with the above valuation. However, it should be noted that the offer is contingent on future billing on the files by the purchaser. The offer is for 50% of all fees recovered by the purchaser after transfer of the files to them. I am satisfied with the sale price achieved because it is higher than the valuation.

The book debts were not included in the valuation because they were not offered for sale and the Administrator has the information to try to collect the book debts.

## **The Transaction**

### ***The purchaser and related parties***

A sale of the WIP was completed on 19 February 2018 with Anthony Butterworth on behalf of Butterworths Solicitors.

One of the directors, Fiona Reid became an employee of the purchaser, Butterworths, on 19 February 2018. There is no other connection between the purchasers and the directors, shareholders or secured creditors of the insolvent Company or their associates.

Both Fiona Reid and Graeme Booth, directors, had given guarantees for amounts due from the insolvent Company to a prior financier, Lloyds Bank plc and to my knowledge that financier is not financing either of the purchases.

### ***The assets***

The Sale included the work in progress and was completed by means of an Asset Sale Agreement.

### ***The sale consideration***

The sale consideration for the WIP is 50% of all fees recovered after the transfer of the files to Butterworths Solicitors. Current estimated fees to be recovered in total are £110,000, therefore estimated percentage due to be paid over is about £55,000. The estimated timeline for the WIP to be recovered is 6 months for the majority of the work.

The 50% of fees recovered is to be paid on receipt of the monies by Butterworths Solicitors on a monthly basis.

The validity of the charges has yet to be verified, however the assets that have been sold are considered to be floating charge assets. This allocation has been reached by reference to the charge documents and in consultation with the agents.

The book debts and the office furniture & equipment were excluded from the Sale.

No employees were transferred as part of the Sale.

Despite the Administrator's insistence that a personal guarantee or debenture be given in respect of the deferred consideration, the purchaser refused to agree to this condition. In light of the lack of interest in the assets from other parties, the likely significant reduction in sale proceeds in the event that these sales could not be concluded, and the quantum of payment expected on completion, the Administrator considered that the Sale should be completed in the interests of creditors as a whole.

There were no options, buy-back arrangements or similar conditions attached to the contract of sale.

The Sale is not part of a wider transaction.

### **Connected Party Transactions**

As the Sale did not involve a connected party (as defined by the Insolvency Act), the pre-pack pool was not approached to consider it and a viability review has not been drawn up.

**ATTACHMENT C**

**ASCROFT WHITESIDE LIMITED (IN ADMINISTRATION)**

**ESTIMATED FINANCIAL STATEMENT AS AT 19 FEBRUARY 2018 INCORPORATING ESTIMATED  
OUTCOME STATEMENT AND CREDITORS' DETAILS**



**Ascroft Whiteside Limited - in Administration**

**Estimated Financial & Outcome Statement as at 26 February 2018**

**Book  
Value**

	£	£	£
<b>Assets subject to a floating charge</b>			
130,000 Goodwill		0	
13,956 Office furniture & equipment		<u>1,100</u>	1,100
Less: agent's fees & disbursements, estimated		600	
Administrator's fees		<u>300</u>	
			<u>-900</u>
<i>Available for fixed charge holder</i>			200
<i>Due to fixed charge holder</i>			<u>91,935</u>
<i>Shortfall on fixed charge carried down</i>			<u>-91,735</u>
<b>Assets subject to a floating charge</b>			
23,848 Book debts			14,308
Balance in Company Office Account			1,069
WIP (max figure)			55,000
Will book			<u>20,000</u>
<b>Estimated total realisations</b>			90,377
<i>Less: costs of realisation</i>			
Agents fees (valuation and marketing)	7,400		
Agents Disbursements (Site attendance, Mileage)	138		
Agents estimated future costs	1,500		
Storage costs for closed files	5,000		
Solicitor's fees	9,500		
Administrator's pre-appointment costs	18,651		
Administrator's estimated fees & expenses	<u>29,000</u>		
			-71,189
<b>Estimated funds available for preferential creditors, before costs of procedure</b>			19,189
Preferential Creditors (Wages & Holiday Pay)			9,678
<b>Estimated net property (amount available for floating charge creditor before prescribed part)</b>			9,511
Estimated prescribed part			<u>4,755</u>
Estimated amount available for floating charge holder			4,756
<b>Floating charge holder (shortfall carried down from fixed charge)</b>			<u>91,735</u>
<b>Estimated deficiency after floating charge and prescribed part</b>			86,980
<b>Estimated prescribed part brought down</b>		4,755	
Unsecured Creditors:			
Trade & Expense	116,036		
Employees	54,380		
H M Revenue & Customs	43,100		
Directors Loan Accounts	10,000		
Contingent Creditors	<u>2</u>		
Total unsecured creditors		<u>218,763</u>	
Estimated deficiency as regards unsecured creditors			<u>214,008</u>
<b>Estimated deficiency as regards creditors</b>			<u>300,988</u>
<b>Summary return to unsecured creditors</b>			2 p in the £

Ascroft Whiteside Limited  
 STATEMENT OF AFFAIRS AS AT 19 February 2018  
 B - Company Creditors

Code	Name & Address	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
C0001	Thomson Reuters 5 Canada Square Canary Wharf London E14 5EP	£3,600.00			
C0002	Royal Mail Group Ltd Credit Management Centre Stone Hill Road Farnworth Bolton BL4 9XX	£149.58			
C0003	Iron Mountain 3rd Floor Cottons Centre Tooley Street London SE1 2TT	£754.34			
C0004	InXpress UK 5 Blueberry Business Park Wallhead Road Rochdale OL16 5AF	£25.10			
C0005	University of Central Lancashire Fylde Road Preston PR1 2HE	£1,195.00			
C0007	HMRC 3rd Floor, Euston Tower 286 Euston Road London NW1 3UQ				
C0008	HMRC Insolvency Claims Handling Unit Benton Park View Longbenton Newcastle upon Tyne NE98 1ZZ	£43,100.54			
C0009	HMRC Local Compliance CT Operations - S0886 PO Box 29997 Glasgow G70 5AB				
C0010	Hawkstone Holdings Limited 370-374 Nottingham Road Newthorpe NG16 2ED	£1.00			
C0011	Nationwide Franking Sense Ltd Nationwide House Moss Bank Way Bolton BL1 8NP	£129.96			

Ascroft Whiteside Limited  
STATEMENT OF AFFAIRS AS AT 19 February 2018  
B - Company Creditors

Code	Name & Address	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
C0012	Angel Springs Ltd t/a Waterlogic Angel House Shaw Park Business Village Shaw Road Wolverhampton WV10 9LE	£393.43			
C0013	BT Payment Services Ltd Correspondence Centre Durham DH98 1BT	£95.20			
C0014	LDF Finance No 1 Ltd Dee House St David's Park Flintshire CH5 3XF	£4,425.39			
C0015	LDF Finance No 1 Ltd Dee House St David's Park Flintshire CH5 3XF				
C0016	LDF Finance No 1 Ltd Dee House St David's Park Flintshire CH5 3XF				
C0017	CF Corporate 2 Gresham Street London EC2V 7QP				
C0018	CF Capital PLC Capital House Raynham Road Bishop's Stortford Herts CM23 5TT				
C0019	Pulse Digital Office Solutions Ltd St John's Court Bacup Road Rawtenstall Rossendale Lancs BB4 7PA				
C0020	Investec Asset Finance Plc Reading International Business Park Reading RG2 6AA				
C0021	LDF Finance No 1 Ltd Dee House St David's Park Flintshire CH5 3XF				

Ascroft Whiteside Limited  
 STATEMENT OF AFFAIRS AS AT 19 February 2018  
 B - Company Creditors

Code	Name & Address	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
C0022	LDF Finance No 1 Ltd Dee House St David's Park Flintshire CH5 3XF				
C0023	Lloyds Bank Plc Credit Maintenance Level 5 110 St Vincent Street Glasgow G2 5ER	£91,935.00		25/02/2015	£91,936 00
C0024	Lloyds Bank PLC Recoveries Commercial Banking Bank House Wine Street Bristol BS1 2AN	£27,000 00			
C0025	Alan MacKay MacPherson 118 Clifton Drive Lytham St Annes Lancashire FY8 1DU	£72,000.00			
C0026	Close Brothers Premium Finance Wimbledon Bridge House 1 Hatfield Road London SW19 3RU				
C0027	Premium Credit Limited Premium Credit House 60 East Street Epsom Surrey KT17 1HB				
C0028	Federal Capital 14a Old Marsh Farm Barns Welsh Road Sealand Flintshire CH5 2LY				
C0030	Techknow Kingfisher Business Centres Burnley Road Rawtenstall Rossendale BB4 8EQ	£508 08			
C0031	Eon Energy Solutions Limited Business Customer Service PO Box 2010 Nottingham NG1 9GQ	£149 00			

Ascroft Whiteside Limited  
 STATEMENT OF AFFAIRS AS AT 19 February 2018  
 B - Company Creditors

Code	Name & Address	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
C0032	United Utilities Water (Business) Ltd c/o WaterPlus Correspondence PO Box 12460 Harlow CM20 9PJ	£464.85			
C0033	The Legal Costs Experts 73 Highbank Avenue Blackpool Lancashire FY4 4PR	£472.00			
C0034	Baldwins 370-374 Nottingham Road Newthorpe Nottingham Nottinghamshire NG16 2ED	£3,900.00			
C0035	Print It 232 Whitegate Drive Blackpool Lancashire FY3 9JW	£336.00			
C0036	Blackhursts Software Solutions First Floor, 3 All Hallows Road Bispham Blackpool FY2 0AS	£35.00			
C0037	Total Gas and Power 10 Upper Bank Street London E14 5BF				
C0038	Certainty The National Will Register The Chapel Chapel Lane Lapworth Solihull B94 6EU				
C0039	Decision First C/o Pratical Vision Suite 5 Wright House 67 High Street Tarporley CW6 0DP				
C0040	Blackpool Council Revenues & Benefits PO Box 50 Town Hall Blackpool FY1 1NF				
C0041	British Gas Business Payment Area 55 Camberley GU95 1AB				

Ascroft Whiteside Limited  
 STATEMENT OF AFFAIRS AS AT 19 February 2018  
 B - Company Creditors

Code	Name & Address	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
C0042	Lloyds Bank PLC Pitreavie Business Park Dunfermline KY99 4BS	£0.11			
C0043	Midshire Business Systems Northern Ltd 1 Bredbury Court Ashton Road Bredbury Stockport SK6 2QB	£147.94			
C0044	Blackpool Council Waste Management Layton Dept Depot Road Blackpool Lancs FY3 7HW	£57.12			
C0045	Mrs F Reid 55 Crosland Road North Lytham St Annes FY8 3EP	£10,000.00			
	12 Employees	£66,475.77			
	TOTAL CREDITORS' CLAIM	£327,350.41			

**ASCROFT WHITESIDE LIMITED (IN ADMINISTRATION)**

**Schedule of Secured Creditors**

**Secured Creditors**

<b>Secured creditor's name and address</b>	<b>Amount of claim (estimated)</b>	<b>Details of security</b>	<b>Date security was given</b>
Lloyds Bank Plc	£91,935	Fixed & Floating Charge. Covers all the property and undertaking of the Company.	25.2.15

**Preferential Creditors**

<b>Creditor Group</b>	<b>Number of creditors in group</b>	<b>Total amount of claims (estimated)</b>
Employees and former employees	12	£9,678

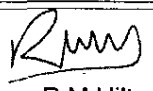
**ASCROFT WHITESIDE LIMITED (IN ADMINISTRATION)**

**THE ADMINISTRATOR'S RECEIPTS AND PAYMENTS ACCOUNT TO 26 FEBRUARY 2018**



# Ascroft Whiteside Limited

## Administrator's Abstract of Receipts and Payments

Statement Of Affairs		From 19/02/2018 To 26/02/2018
FIXED CHARGE ASSETS		
	Client monies retrieved from office	2,428.33
		<u>2,428.33</u>
FIXED CHARGE CREDITORS		
(92,405.56)	Secured Creditors	0.00
		<u>0.00</u>
UNSECURED CREDITORS		
(158,665.71)	Trade & Expense Creditors	0.00
		<u>0.00</u>
<u>(251,071.27)</u>		<u><u>2,428.33</u></u>
REPRESENTED BY		
	Client Monies	2,428.33
		<u>2,428.33</u>
		
		R M Hilton Administrator

PROOF OF DEBT - GENERAL FORM

**Ascroft Whiteside Limited (in Administration)**

Date of Administration: 19 February 2018

DETAILS OF CLAIM		
1.	Name of Creditor (if a company, its registered name)	
2.	Address of Creditor (i.e. principal place of business)	
3.	If the Creditor is a registered company: <ul style="list-style-type: none"> <li>For UK companies: its registered number</li> <li>For other companies: the country or territory in which it is incorporated and the number if any under which it is registered</li> <li>The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act</li> </ul>	
4.	Total amount of claim, including any Value Added Tax, as at the date of administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25	£
5.	If the total amount above includes outstanding uncapitalised interest, please state	YES (£ ) / NO
6.	Particulars of how and when debt incurred	
7.	Particulars of any security held, the value of the security, and the date it was given	
8.	Details of any reservation of title in relation to goods to which the debt relates	
9.	Details of any document by reference to which the debt can be substantiated. [The administrator may call for any document or evidence to substantiate the claim at his discretion.]	
10.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986	Category  Amount(s) claimed as preferential £
11.	<b>If you wish any dividend payment that may be made to be paid in to your bank account please provide BACS details. Please be aware that if you change accounts it will be your responsibility to provide new information</b>	Account No.:  Account Name:  Sort code:
AUTHENTICATION		
Signature of Creditor or person authorised to act on his behalf		
Name in BLOCK LETTERS		
Date		
If signed by someone other than the Creditor, state your postal address and authority for signing on behalf of the Creditor		
Are you the sole member of the Creditor?		YES / NO

**Questionnaire Re: Ascroft Whiteside Limited - In Administration**

Creditor's name:	
Address:	
Estimated claim:	£
What was the authorised credit limit?	£
Was any security, guarantee or assurance given to you in respect of ongoing trade?	
When did you first encounter delays in obtaining payment of your account, and do you have any evidence?	
Please provide details of any legal proceedings you took to recover your debts:	
Please supply details of any cheques which were not honoured, including amounts and dates:	
If there is any other information you wish to supply, or issues you consider should be reviewed, please provide brief details on the reverse of this form.	
Date:	
Signature:	
Name:	
Position:	
<b>Please return the completed form to:</b> <b>Sonya Brannigan at Adcroft Hilton Limited, 269 Church Street, Blackpool, Lancashire, FY1 3PB or by email to: <a href="mailto:recover@adcrofthilton.co.uk">recover@adcrofthilton.co.uk</a></b>	