

AM03

Notice of administrator's proposals



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 09054118

Company name in full Hulk Scaffolding Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Mike

Surname Dillon

3 Administrator's address

Building name/number Leonard Curtis

Street Riverside House

Irwell Street

Post town Manchester

County/Region

Postcode M35EN

Country

4 Administrator's name ①

Full forename(s) Andrew

Surname Poxon

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Leonard Curtis

Street Riverside House

Irwell Street

Post town Manchester

County/Region

Postcode M35EN

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals



I attach a copy of the statement of proposals

7

Qualifying report and administrator's statement ^①



I attach a copy of the qualifying report



I attach a statement of disposal

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

8

Sign and date

Administrator's
Signature

Signature

X



X

Signature date

d

0

7

m

0

2

y

2

0

2

y

2

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

Mary Dempsey

Company name

Leonard Curtis

Address

Riverside House

Irwell Street

Manchester

Post town

County/Region

Postcode

M 3 5 E N

Country

DX

Telephone

0161 831 9999



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



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**HULK SCAFFOLDING LIMITED
(IN ADMINISTRATION)**

Registered Number: 09054118

Court Ref: CR-2022-MAN-000057

High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List
(CHD)

**Joint Administrators' Report and Statement of Proposals in accordance
with Para 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of
the Insolvency (England and Wales) Rules 2016**

Report date: 4 February 2022

Date report deemed to be delivered to creditors: 4 February 2022

Decision date: 21 February 2022

Leonard Curtis contact details:

Riverside House, Irwell Street,
Manchester M3 5EN

Tel: 0161 831 9999 Fax: 0161 831 9090

General email: recovery@leonardcurtis.co.uk

Email for requests for a physical meeting: Manchester.meetingreq@leonardcurtis.co.uk

Ref: M/56/MDE/H994K/1040

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**TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL EMPLOYEES
ALL MEMBERS**

1 INTRODUCTION

General information

- 1.1 I refer to the appointment of Andrew Poxon and I as Joint Administrators ("the Joint Administrators") of Hulk Scaffolding Limited ("the Company") on 21 January 2022 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires the administrators to perform their 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.
- 1.3 Para 51(1) of Schedule B1 to the Act ordinarily requires the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. However, this does not apply where the administrators state that they think:
- a) That the company has sufficient property to enable each creditor of the company to be paid in full; or
 - b) That the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund; or
 - c) That neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved.
- 1.4 I can confirm that in this case the administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors and accordingly neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved. A dividend is, however, expected to be paid to preferential and secondary preferential creditors. As a result, there is no requirement to seek a decision from the Company's general body of creditors as to whether they approve the Proposals.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered and comprise the following:
- A statement of the purpose of the proposed decision; and EITHER
 - A statement of the requesting creditor's claim, together with:
 - A list of the creditors concurring with the request and the amount of their respective claims or values; and
 - Confirmation of concurrence from each creditor concurring. OR
 - A statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors.
- 1.6 The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.
- 1.7 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved (being 17

February 2022 will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.

- 1.8 The Administrators are required to seek a decision from the Company's creditors to determine, amongst other things, the basis upon which the Joint Administrators will draw their remuneration and Category 2 disbursements (including payments to associates). It is our intention to seek these decisions by correspondence as provided for by the Act and Rules. Formal Notice of this Decision Procedure is attached at Appendix I. A voting form is attached at Appendix J. This form should be completed and returned to this office by 23:59 on the Decision Date, being 21 February 2022, with a completed proof of debt form (attached at Appendix K) or your vote will be disregarded, as will any forms returned after the decision date.
- 1.9 Creditors meeting the following minimum criteria may request in writing that the decisions be made at a creditors' meeting, rather than by correspondence:
- a) 10% in value of the creditors; or
 - b) 10% in number of the creditors; or
 - c) 10 creditors
- Such a request must be made not later than five business days after the date on which these Proposals were delivered. The deemed date of delivery of this report is given on the front page. Requests should ideally be made to Manchester.meetingreq@leonardcurtis.co.uk.
- 1.10 In the event that no such request is received, the Joint Administrators will, as soon as reasonably practicable after the Decision Date specified at 1.7 above, report to creditors on the decisions taken.

Notice of an Invitation to Creditors to Form a Creditors' Committee

- 1.11 Creditors are entitled to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee.
- 1.12 Attached at Appendix L is Notice of an Invitation to Form a Creditors' Committee. Any nominations must be delivered to the Joint Administrators by the Decision Date shown on the front of this report and can only be accepted if the Administrators are satisfied as to the creditors' eligibility under Rule 17.4 of the Rules.
- 1.13 In order to assist creditors in making an informed decision on whether they wish to be nominated to serve on a committee, creditors are encouraged to access the document below, which provides information on the rights, duties and functions of creditors' committees.

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/>

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) under Court reference CR-2022-MAN-000057.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office is to be changed from 70 Market Street, Tottington, Bury, Lancashire BL8 3LJ to Riverside House, Irwell Street, Manchester, M3 5EN. The relevant forms were sent to Companies House on 27 January 2022. The registered number is 09054118.
- 2.4 The Company traded as its registered name.

2.5 The Company operated from premises at 83 Barton Road, Eccles, Manchester, M30 7AE. The leasehold of the property is held by a connected company.

2.6 The Company's directors and secretary are:

Name	Role	Date Appointed
Claire Maxine Clarkson	Company secretary	8 September 2017
Claire Maxine Clarkson	Director	3 January 2018
Zackary Thomas Clarkson	Director	23 May 2014

2.7 The Company's authorised and issued share capital is £100. The issued share capital comprises 100 Ordinary £1 Shares, the shares being owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Claire Maxine Clarkson	Ordinary	50	50
Zackary Thomas Clarkson	Ordinary	50	50
		100	100

2.8 According to the information registered at Companies House the Company has no outstanding charges.

2.9 The insolvency proceedings are COMI proceedings

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

3.1 The Company was incorporated on 23 May 2014 and commenced to trade immediately.

3.2 The Company's principal activity was the provision of scaffolding, whose customers primarily deal in the new housing sector. The company operated from leasehold premises at 83 Barton Road, Eccles Manchester M30 7AE ("the Property"). The Company employed 4 staff, as well a number of subcontractors.

3.3 The Company was incorporated to work in tandem with Brickwork 365 Ltd, an established brick laying business operating in the new build housing market and which was connected by way of common directors, Zackary and Claire Clarkson. In 2018, after four successful and profitable years of trading, the new build property market started to level off and contracts did not continue at the same rate. As a result of this downturn in trade and fixed cost base remaining static, the Company's cash flow position worsened resulting in the Company being in a position of being unable to meet its financial commitments as and when they fell due.

3.4 Given the losses and cashflow issues, the Company fell behind in its obligations to trade creditors and HMRC. The Company subsequently proposed a CVA to its creditors on 4 June 2019, which was accepted on 1 July 2019. The CVA required the Company to pay voluntary contributions totalling £210,000 over 5 years. The CVA also required all HMRC returns to be submitted and the relevant payment to be made on time. Furthermore, repayments of intercompany debtors totalling £87,987 were required.

3.5 Following the commencement of the CVA, the Company experienced trading difficulties in maintaining ongoing monthly contributions. Its position was worsened by the Covid-19 pandemic whereby the Company had to cease trading during lockdown periods. When trading recommenced, the Company was unable to operate at its previous capacity.

3.6 The Company was unable to honour its ongoing obligations to the CVA and creditors were asked to consider a variation of the terms of the CVA. The variation was approved by creditors on 28 May 2020 and under the revised terms the Company was granted a payment break from April 2020 until August 2020 and for all breach conditions during that period to be suspended.

- 3.7 The Company was not in a position to resume contributions to the CVA in August 2020 and again fell into arrears. Accordingly, the Joint Supervisors issued a notice of breach to the Company on 9 December 2020 giving a period of one month to remedy the position. The Company resumed contributions in February and March 2021 however no further payments were made.
- 3.8 Unable to maintain voluntary contributions the Company approached LC in April 2021 to discuss its potential options. A meeting with the Company was held on 15 April 2021 where general advice was provided.
- 3.9 Following the meeting, the Directors attempted to explore a further variation of the CVA with a view to avoiding a formal insolvency process. Despite a draft variation being prepared, this was not issued to creditors.
- 3.10 In mid-2021, HMRC advised the Company and Joint Supervisors that a post CVA liability of approximately £103K was outstanding, although this amount was disputed by the Company due to it no longer holding Gross Payment Status from 14 August 2019. The Company was not in a position to repay the full amount due to HMRC nor maintain ongoing monthly contributions to the CVA. A further notice of breach was issued on 7 October 2021 and the Supervisors notified the Company that they would shortly be taking action to wind up the Company should the breach not be remedied within 30 days.
- 3.11 At a meeting on 25 October 2021, the Company confirmed it was not in a position to remedy the breach and therefore it was considered that the Company was insolvent in accordance with s123 of the Insolvency Act 1986 (as amended) in so far as the Company cannot pay its debts as and when they fall due.
- 3.12 It was concluded that Administration was the most suitable insolvency procedure for the Company as it would best allow the possibility of selling the business as a going concern. It was considered that a sale, without the need for ongoing trading whilst in Administration, would be preferable to allow maximum value to be realised from the Company assets, particularly the Book Debts, Scaffolding, Work in Progress, Goodwill, Vehicle and Finance Agreements and to minimise the professional costs of the Administration. Following discussions with the Directors, where the Company's position and the relevant options were discussed, the strategy to place the Company in Administration was agreed. The directors verbally instructed LC to assist in placing the Company into Administration on 25 October 2021.
- 3.13 Auctus Limited T/A Cerberus Asset Management ("CAM"), Asset Valuers supported by RICS registered professionals, were instructed to provide advice on the potential realisable value of the Tangible Assets.
- 3.14 Cerberus Receivables Management ("CRM"), debt collection specialists, were instructed to provide a valuation of the Debtors and Work in Progress and to assess the prospect of recoverability.
- 3.15 The Directors filed a Notice of Intention to Appoint Administrators ("NOI") on 10 November 2021. The NOI was served on the Company, Amicus Asset Finance Group Limited ("Amicus"), the Company's Qualifying Floating Charge holder, at that time, and Martin Maloney, the Joint Supervisor. The NOI proposed to appoint Mike Dillon and Andrew Poxon of Leonard Curtis as Joint Administrators. The filing of the NOI created an interim moratorium in favour of the Company. This was considered to be in the best interest of the general body of creditors. It should be noted that following receipt of the NOI, Amicus confirmed that no sums remainder outstanding under their security and that the charge should be shown as satisfied.
- 3.16 The business was marketed for sale from 11 November 2021 to 16 November 2021. During the period of marketing, the campaign resulted in 9 expressions of interest in the business from unconnected parties and another from a connected party. 2 interested parties subsequently returned an NDA and were provided with the relevant information however no formal offers were received. However, one offer from a connected party was received.
- 3.17 Following recommendations from agents, the offer from the connected party was subsequently accepted.

- 3.18 The proposed appointment of the Joint Administrators and completion of a pre-packaged sale was initially due to take place on 23 November 2021. This was not completed as the NOI expired prior to receipt of the required Evaluator Report. Due to the expiry of the NOI and given Amicus had advised that their charge should be satisfied, the relevant documents were filed at Companies House to satisfy the charge. The charge was subsequently satisfied on 25 November 2021.
- 3.19 As a result, the Directors could proceed to placing the company into administration immediately upon filing of the relevant appointment documentation at Court rather than being required to file a further NOI.
- 3.20 Given the delay in completion, the proposed Purchaser wished to take some time to consider the working capital requirement following the proposed transaction and wanted comfort that it would work from a cashflow position.
- 3.21 In addition, the Director of the Purchaser was on leave from Friday, 3 December 2021 until 20 December 2021 and did not wish to complete immediately prior to this as he wanted to make sure he was available to deal with any matters arising from the completed transaction. The Director of the Purchaser unfortunately fell ill on 19 December 2021 and was not in a position to progress the matter until the New Year.
- 3.22 In early January 2022, the Purchaser was in a position to proceed with the sale and the Directors provided updated financial information which allowed the valuations to be updated and a revised offer to be considered.
- 3.23 Based on the updated information the Company's position remained the same in that the CVA was no longer a viable option and that the best course of action would be to place the Company into Administration and for the Joint Administrators to conclude a pre-packaged sale of the business and assets.
- 3.24 Given that no other interested party had submitted an offer, the requirement for a further period of marketing was not considered appropriate. Notwithstanding this, whilst the deadline for offers had expired, details of the business remained on the website of Charles Taylor and CAM. During this time no further expressions of interest was received. The Purchasers revised offer was subsequently accepted.
- 3.25 Following the agreement to the relevant sales documentation, the Directors filed a Notice of Appointment at High Court of Justice Business and Property Courts - Company & Insolvency List (CHD) on 21 January 2022, appointing Mike Dillon and Andrew Poxon as Joint Administrators.
- 3.26 Mike Dillon and Andrew Poxon are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either both, acting jointly or alone.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the period ended 31 March 2018, 31 March 2019 and 31 March 2020 are detailed below:

	Draft 31/03/2020	Signed 31/03/2019	Signed 31/03/2018
Turnover	<u>2,122,389</u>	<u>1,897,181</u>	<u>1,398,153</u>
Gross Profit	<u>781,309</u>	<u>663,106</u>	<u>574,779</u>
Gross Profit %	<u>37%</u>	<u>35%</u>	<u>41%</u>
Administrative expenses	<u>(562,978)</u>	<u>(628,821)</u>	<u>(419,842)</u>
Operating Profit/(Loss)	<u>218,331</u>	<u>34,285</u>	<u>154,937</u>
Interest and charges	<u>(17,645)</u>	<u>(17,250)</u>	<u>(9,381)</u>
Profit/(Loss) before tax	<u>200,686</u>	<u>17,035</u>	<u>145,556</u>
Taxation	<u>-</u>	<u>(18,882)</u>	<u>(29,974)</u>
Profit for the year	<u>200,686</u>	<u>(1,847)</u>	<u>115,582</u>
Dividends	<u>-</u>	<u>(145,000)</u>	<u>(94,000)</u>
Retained profit	<u>200,686</u>	<u>(146,847)</u>	<u>21,582</u>

- 4.2 The Company's available balance sheets as at 30 March 2018, 30 March 2019 and 30 March 2020 are detailed below

	Signed 31/03/2020	Signed 31/03/2019	Signed 31/03/2018
Fixed Assets			
Tangible Assets	<u>140,090</u>	<u>146,644</u>	<u>278,444</u>
Current Assets			
Debtors	<u>676,058</u>	<u>339,392</u>	<u>340,934</u>
Cash at Bank	<u>529</u>	<u>25,787</u>	<u>82,004</u>
	<u>676,587</u>	<u>365,179</u>	<u>422,938</u>
Creditors: Amounts Falling due within one year	<u>(674,897)</u>	<u>(397,096)</u>	<u>(412,439)</u>
Net Current Assets/(Liabilities)	<u>1,690</u>	<u>(31,917)</u>	<u>10,499</u>
Total Assets less Current Liabilities	<u>141,780</u>	<u>114,727</u>	<u>288,943</u>
Creditors: Amounts falling due after more than year	<u>(27,426)</u>	<u>(60,525)</u>	<u>(87,647)</u>
Provision for Liabilities	<u>(26,617)</u>	<u>(45,160)</u>	<u>(45,407)</u>
Net Assets	<u>87,737</u>	<u>9,042</u>	<u>155,889</u>
Represented by			
Called up share capital	<u>100</u>	<u>100</u>	<u>100</u>
Profit and Loss account	<u>87,637</u>	<u>8,942</u>	<u>155,789</u>
Shareholders' Funds	<u>87,737</u>	<u>9,042</u>	<u>155,889</u>

Statement of Affairs

- 4.3 The Directors are required to lodge a statement of affairs as at 21 January 2022 which has to be filed with the Registrar of Companies. This document has not yet been received and it is anticipated that the Joint Administrators will be required to extend the deadline for receipt of the statement of affairs. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.
- 4.4 Please note that no provision has been made in the Estimated Financial Position for costs and expenses of realisation, the costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures:

Secured Creditor

- 4.5 There were no outstanding charges as at the date of appointment.

Prescribed Part

- 4.6 As the Company has no unsatisfied post-Enterprise Act charges, there will be no requirement to set aside a prescribed part in this case.

Preferential Claims

- 4.7 The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions.
- 4.8 The Company employed 4 members of staff who were transferred to the Purchaser under TUPE immediately following the sale of business and assets therefore mitigating preferential claims for wages and accrued holiday pay.
- 4.9 We understand that there are outstanding pension contributions that have been deducted from pay but not paid to the pension scheme from May 2020 to the date of appointment. Outstanding employee pension contributions for the four months preceding the relevant date of insolvency can be claimed preferentially within the administration. Preferential claims within the administration total £225.60.
- 4.10 It is anticipated that preferential creditor claims will be paid in full.

Secondary Preferential Creditors

- 4.11 With respect to insolvencies commencing on or after 1 December 2020, HMRC will rank ahead of floating charge holders and unsecured creditors in respect of certain unpaid taxes that the relevant company collects on behalf of HMRC. These taxes are known as Priority Taxes and include:
- VAT;
 - PAYE (including student loan repayments);
 - Construction Industry Scheme deductions; and
 - Employees' NI contributions.
- 4.12 Company records detail c£197k is due to HMRC in respect of VAT and c£43k in respect of PAYE which are deemed to be Priority Taxes. In respect of the CIS liability, c£144k is due to HMRC however the Company no longer held Gross Payment Status with effect from 14 August 2019 and management have advised that funds totalling £133k should be deducted in this respect. The Joint Administrators will liaise with HMRC to establish the set off position.

- 4.13 It is anticipated that there will be sufficient funds available to declare a dividend to secondary preferential creditors.

Unsecured Claims

- 4.14 At present, it is considered unlikely that there will be sufficient funds available to enable any form of distribution to unsecured creditors. Creditors should however continue to submit details of their claims using the proof of debt form attached at Appendix K. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

Receipts and Payments

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

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

- 5.1 Prior to and upon appointment, the administrators investigated the possibility of concluding a sale of what remained of the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following:

- Maximise physical asset realisations- enhanced realisations for the physical assets may be achieved compared to ex-situ realisations most likely achievable on a cessation of trade. A sale of the business and assets allowed for a realisation for Work in Progress which may not have been available if the Company had to cease trading;
- Maximise debtor realisations - enhanced realisations for the Company's Book Debts compared to ex-situ realisations most likely achievable on a cessation of trade. It was considered that a pre-packaged sale would allow for business continuity and minimal disruption in trading which would result in enhanced debtor collections than if the Company had to cease trading. It was considered that a cessation of trade would severely impact on collections.
- Preservation of Goodwill - a pre-packaged sale allowed for a sale of Goodwill, which would be unlikely to be available if the Company ceased to trade. It is critical in maximising realisations from the Goodwill, that there is minimal disruption to trading. Trading the business during Administration would not guarantee an improved offer, and may, conversely devalue Goodwill;
- Mitigation of claims from Finance / Lease Companies – the Purchaser may be able to novate some or all of the finance / lease agreements therefore mitigating unsecured claims. On cessation of trade or liquidation, the financed assets would have been required to be returned to the finance creditors, which would likely have resulted in additional unsecured claims for the remaining period under the agreements as well as collection costs; and
- Mitigation of employee claims and preservation of employment for staff – a sale allowed for the transfer of all employees to any purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). The transfer of employment to the purchasing Company, ensures that all staff remaining in the Company's employment at the date of Administration have full continuity of employment rights. This in turn, mitigated claims in the Administration.

Claims that would ordinarily arise on cessation of trade and/or redundancy, accrued but unpaid Holiday Pay, Pay in Lieu of Notice ("PILON") and Redundancy Pay do not occur. In this case, 4 employees were transferred to the Purchaser, mitigating preferential claims for Accrued but unpaid Holiday Pay and additional unsecured claims for PILON and Redundancy Pay.

- 5.2 Full details of the marketing undertaken, and the ultimate business sale has been circulated to Creditors on 27 January 2022, in the Joint Administrators Initial Letter to Creditors pursuant to SIP 16, a copy of which can be found at Appendix M.
- 5.3 An offer of £42,170.75 was made by Holcombe Holmes Limited (CRN: 10012466) ("the Purchaser") in respect of the Book Debts, Work in Progress, Goodwill, Vehicle, Scaffolding and Equity in Finance Agreements. Following advice from our appointed agents, CAM, who had carried out valuations of the Company's physical assets, and CRM, who had valued the Company's Book Debts and Work in Progress, this offer was accepted, and the business sale was concluded on 21 January 2022.
- 5.4 The Purchaser is connected to the Company pursuant to Sections 249 and 435 of the Insolvency Act 1986 by virtue of the fact that the sole Director and Shareholder of the Purchaser, Zackary Thomas Clarkson is a Director and Shareholder of the Company.
- 5.5 The sales consideration of £42,170.75 was apportioned as follows:

	£
Book Debts	29,102.50
Work In Progress	7,625.00
Scaffolding	3,192.25
Goodwill	1.00
Vehicle	1,250.00
Equity in Finance Agreements	1,000.00
Total	<u>42,170.75</u>

- 5.6 The total sales consideration in the sum of £42,170.75 is payable as follows:

Date	£
On Completion	8,434.15
On or before 21 Feb 2022	8,434.15
On or before 21 March 2022	8,434.15
On or before 21 April 2022	8,434.15
On or before 21 May 2022	8,434.15
Total	<u>42,170.75</u>

- 5.7 The payment due on completion in the sum of £8,434.15 has been received by the Joint Administrators
- 5.8 The Joint Administrators have obtained a Personal Guarantee from Zackary Thomas Clarkson in respect of the deferred consideration outstanding in the sum of £33,736.60. As part of the Sale and Purchase Agreement, the Purchaser has granted a Fixed and Floating Charge Debenture as security over its assets in respect of the outstanding deferred consideration.
- 5.9 The Company employed 4 members of staff who have been transferred who have been transferred under TUPE regulations to the Purchaser.
- 5.10 Following the completion of the pre-packaged sale of the Company's business and assets, the Joint Administrators sent a letter to creditors on 27 January 2022 to provide further information on the sale pursuant to the requirements of Statement of Insolvency Practice 16. A copy of the information provided is attached at Appendix M.

- 5.11 As previously advised, where a pre-packaged sale has been undertaken, the Administrators should circulate their Proposals as soon as practicable after appointment, and where possible with their SIP 16 statement.
- 5.12 The SIP 16 statement noted that it was anticipated that the proposals would be circulated on 1 February 2022. Due to the finalisation of the proposals and review process we were not in a position to issue the Proposals as originally anticipated.

Inter-company Debtors

- 5.13 In addition to the above company records indicate an Inter-Company Debtor position totalling £374,220.23 as at 21 January 2022 is as detailed below:

	£
Brickwork 365 Ltd	99,670.17
Scaffolding 365 Limited	17,455.65
Brickwork Contracting Services Limited	35,829.46
Newbuild 2015 Limited	221,091.38
Rendtec Limited	Nil
365 (2012) Ltd	173.57
Total	374,220.23

- 5.14 In the CVA proposal dated 4 June 2019, Rendtec Limited were a debtor in sum of £12,887 but are now identified in the Company records as being owed £17,807. It should be noted that following the presentation of a petition on 29 April 2020 Rendtec Limited was placed into Compulsory Liquidation on 14 September 2020.
- 5.15 The Joint Administrators will conduct further reconciliations of these debts and will take steps to recover sums due. The findings of these investigations will be detailed in future reports. However, the realisable value of these debts are entirely dependent on the financial position of the connected debtors.

Cash at Bank

- 5.16 The Company operated bank facilities with Barclays Bank Plc, a request has been sent to the bank following the appointment of the Joint Administrators for the account to be frozen. Company records indicate that the current account held a balance of £200.31 on appointment of the Joint Administrators. We will liaise with the bank in respect of any credit balance and request that the funds are transferred to the administration estate. A further update in this respect will be provided in future progress reports.

Professional Advisors ("PA") and Subcontractors ("S") used

- 5.17 On this assignment the Joint Administrators have or are proposing to use the advisors detailed below:

Name of Party	PA / S	Service Provided	Basis of Fees
Cerberus Asset Management ("CAM")	PA	Asset valuation advice	Time costs
Evolve IS Limited ("Evolve")	S	Dealing with pension arrears	Fixed fee of £350 plus VAT
Davis Blank Furniss LLP	PA	Legal advice	Time costs
IP-Bid	S	Marketing	Fixed fee of

Consultium ("CAPA")	Property Limited	S	Property audit to identify non-domestic rates refund	£245
Cerberus Management	Receivables	PA	Valuation of Work in Progress and Debtor Ledger	Fixed fee of 25% Time costs

CAM

- 5.18 CAM has extensive sector specific product knowledge and experience in managing asset sales. CAM has a longstanding history of assisting insolvency practices with business and asset sales. They are supported by a team of RICS registered professionals who also specialise in security, removal and disposal of assets. CAM were instructed to provide a valuation of the physical assets and assist with the marketing of the business.

Evolve

- 5.19 Evolve provides Employment Rights Act services to the Insolvency Sector. It is anticipated that Evolve will be instructed to assist in handling the relevant employees' pension arrears claims to the RPS. This work will be sub-contracted out by the Joint Administrators as the extensive specialist knowledge Evolve have acquired over many years has allowed them to put effective systems in place to ensure claims are dealt with as quickly as possible. We believe that the fixed fee of £350 + VAT is fair and reasonable in light of the services provided by Evolve and will mitigate any time costs incurred by the Joint Administrators. It is considered that should the Joint Administrators staff complete the work required by Evolve then the time costs incurred would be significantly higher.

Davis Blank Furniss LLP

- 5.20 Davis Blank Furniss LLP were instructed to assist with the drafting of the appointment documentation and the suite of sales documentation.
- 5.21 The Joint Administrators instructed Davis Blank Furniss LLP due to their expertise in insolvency and their necessary Legal expertise. The Joint Administrators are unable to cover legal matters and therefore the instruction of solicitors was fundamental.

IP-Bid

- 5.22 IP-BID is a web-based insolvency marketplace that specialises in matching potential buyers and funders to suitable business opportunities. Advertising on this platform was considered appropriate as it would provide a greater level of exposure to applicable parties nationwide pursuant to the requirements of SIP16.
- 5.23 We believe that the fixed fee of £245 plus VAT is fair and reasonable in light of the services provided due to the exposure that IP-Bid provide the business opportunity. It was considered that exposing the Company to a wider audience would be more beneficial for creditors.

CAPA

- 5.24 CAPA forensically analyses and interrogates property outgoings and accounts payable data to highlight potential errors which may result from the Local Authority in relation to non-domestic business rates. CAPA has a number of years' experience concluding property audits for Insolvency Practitioners. CAPA has been instructed to perform a property audit and investigation into refunds from payments of non-domestic business rates in relation to the trading premises.

- 5.25 We believe that the fixed fee of 25% of any realisations is fair and reasonable in light of the services provided by CAPA and will mitigate any time costs incurred by the Joint Administrators. It is considered that if the Joint Administrators staff complete the work then the time costs incurred would be significantly higher.

CRM

- 5.26 CRM provides specialist advice and solutions in recovery and realisation of distressed debt for insolvency practitioners, asset based lenders and small to medium sized enterprises. CRM were instructed to provide a valuation of the Company's debtor ledger and work in progress prior to the appointment of Administrators. Given the Joint Administrators do not have the necessary expertise and independence in valuing the outstanding Work in Progress and Debtor Ledger, this was necessary in determining prospective realisations.
- 5.27 It is also anticipated that CRM will provide further assistance by reconciling the Inter-company Debtor position as noted in paragraph 5.12.
- 5.28 Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved);
 - (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved);
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The first objective is not considered to be capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). In the opinion of the Joint Administrators, this objective is unlikely to be achieved as there is no prospect of a dividend being available to unsecured creditors.
- 6.4 The third objective is to realise property in order to make a distribution to secured and / or preferential creditors. The third objective is likely to be achieved in this case as it is anticipated that there will be sufficient realisations to enable a dividend to be declared to Preferential Creditors and Secondary Preferential Creditors.
- 6.5 The Administration has been and will continue to be financed by monies received from asset realisations.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.
- 7.2 Ordinarily the Joint Administrators would seek a decision from the Company's creditors as to whether they approve the Proposals. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors and the Joint Administrators anticipate achieving the third objective as set out at section 6.4 above, there is no requirement to seek such a decision from creditors.
- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals.

Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered. The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

- 7.4 If such a decision is requisitioned, creditors will again be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.
- 7.5 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.
- 7.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 7.7 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of the unsecured creditors of the Company.
- 8.3 We do not believe that an extension to the administration will be necessary in this case.

9 PRE-ADMINISTRATION COSTS

- 9.1 Pre-administration costs are defined as:
- Fees charged; and
 - Expenses incurred

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

- 9.2 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below:

Charged by	Services provided	Total amount charged	Amount paid	Who payments made by	Amount unpaid
Leonard Curtis	Providing insolvency advice to the Directors and Company on the available options, attending meetings with management, instructing valuation agents, marketing the business and assets, negotiating and agreeing a sale of the business and assets, review of sales and appointment documents	£47,112.00	Nil	N/a	£47,112.00
CAM	Conducting a valuation of the Company's physical assets and providing a recommendation as to the sale	£1,750.00	Nil	N/a	£1,750.00
CRM	Conducting a valuation of the Work in Progress and Debtor Ledger and advising of collectability and sale recommendation	£7,500.00	Nil	N/a	£7,500.00
Davis Blank Furniss LLP	Preparing and executing the required sales documentation, NOI and appointment documentation	£9,000.00	Nil	n/a	£9,000.00
IP Bid	Advertisement of the business and assets	£245.00	Nil	n/a	£245.00
Total		£65,607.00	Nil	n/a	£65,607.00

- 9.4 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £47,112.00 have been incurred which represents 106.7 hours at a rate of £441.15 per hour.

Work Undertaken by Leonard Curtis

- 9.5 In the period prior to Administration, LC provided insolvency advice to the Company and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company.
- 9.6 The Joint Administrators evaluated the Company's financial position and advised that the Company was insolvent as it was unable to pay its liabilities as and when they fell due.
- 9.7 Subsequently it was advised that Administration was the most suitable form of insolvency procedure and the Joint Administrators assisted with formulating an administration strategy.

9.8 The work undertaken included but was not limited to:

- Attending meetings with the Directors of the Company;
- Obtaining the Company's available financial information;
- Conducting a search for the Company's information available at Companies House;
- Dealing with pre appointment formalities;
- Opening and setting up the case file;
- Preparation of a marketing flyer;
- Uploading of marketing flyer onto the websites of Leonard Curtis, CAM, CT and IP-Bid;
- Provision of information and negotiating with interested parties;
- Liaising with Evaluators with regards to queries raised;
- Liaising with instructed agents CAM and CRM;
- Reviewing sales documentation; and
- Reviewing and submitting the appointment documents.

9.9 The above work ensured that the Administration purpose could be achieved. Due to the protracted conclusion of matters additional time was incurred in many of the areas of work. The work was required to be done before the Company entered Administration, as the marketing and sale process needed to be dealt with prior to the appointment of the Joint Administrators in order to preserve the business, safeguard jobs and ensure the best realisation for the Company's assets was obtained. As detailed at Appendix M, it was not appropriate to trade the business, and offer it for sale as a going concern, during the Administration.

9.10 The Joint Administrators pre-appointment fees have been incurred on a time cost basis as agreed with the Company pursuant to the letter of engagement, which was delivered to the Company on 29 October 2021. The contents of the letter were agreed on that day and the letter was signed on 10 November 2021.

Work Undertaken by CAM

9.11 CAM were instructed to provide a valuation of all the Company's physical assets and to market the business and assets. The work carried out included:

- Liaising with management of the Company to obtain details of the Company's assets;
- Asset valuations;
- Marketing of the business and assets; and
- Recommendation as to sale of the encumbered and unencumbered Plant & Machinery and the Vehicle.

9.12 The above work undertaken by CAM ensured that the Administration purpose could be achieved. It was necessary for a valuation to be prepared by CAM, independent agents, prior to the appointment to allow the strategy for the administration to be finalised and ensure that an Administration purpose could be achieved. CAM also provided independent valuation advice in order for the Joint Administrators to be able to complete the sale of the business and assets, achieving the benefits associated.

Work Undertaken by CRM

9.13 CRM were instructed to provide a valuation of the Work in Progress and Debtor Ledger. The work carried out included:

- Liaising with management of the Company to obtain details of the ledger and Work in Progress;
- Reviewing the ledgers;
- Advising the Joint Administrators on the collectability of the ledger and value of Work in Progress; and
- Recommendation as to sale of Work in Progress and Debtor Ledger.

- 9.14 The above work ensured that the Administration purpose could be achieved. The work was required to be done before the Company entered Administration as their professional recommendation was needed when considering the offer received from the Purchaser. The assistance of CRM enabled the proposed Administrators to determine whether the offer should be accepted and the options available to realise the assets of Company to generate the maximum level of realisations.

Work undertaken by Davis Blank Furniss LLP

- 9.15 The work undertaken by Davis Blank Furniss LLP included:
- Producing the NOI, liaising with the LC with regard to swearing the documentation and filing in Court.
 - Checking if any Winding up Petitions had been presented in relation to the Company;
 - Drafting and circulating sales documentation; and
 - Producing and executing the Notice of Appointment and filing in Court.
- 9.16 The above work undertaken by Davis Blank Furniss LLP ensured that the Administration purpose could be achieved. It was necessary for a solicitor to be appointed to produce the appointment and sales documentation in order for the appointment and sale to go ahead.

IP-Bid

- 9.17 The work completed by IP-BID enabled marketing of the Company on its website that specialises in matching potential buyers and funders to suitable business opportunities. The marketing was required to be undertaken prior to the Administrators appointment for the reasons provided in Appendix M.
- 9.18 The advertising on this platform was considered appropriate as it provided a great level of exposure to applicable parties nationwide.
- 9.19 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively will be by a decision of the general body of creditors

10 JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

General

- 10.1 The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

Approval by appropriate body

- 10.2 The Joint Administrators think that the Company has sufficient property to enable a distribution to be made to the Preferential and Secondary Preferential creditors as detailed at Section 1.3 of this report. In such circumstances, it is for the Creditors' Committee to determine the basis of remuneration. If there is no Committee, or if the Committee fail to make the requisite determination, then the basis of remuneration must be fixed by a decision of the creditors.

- 10.3 The outcome of this decision will be reported to all creditors in due course.

Information to be given to creditors

- 10.4 The Joint Administrators wish, in this case, to seek the creditors' agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate. Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the administration ("Statement of Likely Expenses").

The Fees Estimate

- 10.5 The Joint Administrators' Fees Estimate for the whole of the Administration is set out at Appendix E. It includes the following:
- Details of the work that the Joint Administrators and their staff propose to undertake;
 - The hourly rate or rates that Joint Administrators and their staff propose to use; and
 - The time that the Joint Administrators anticipate that each part of the work will take.
- 10.6 The total amount of time costs as set out in the Fees Estimate is £77,492.50. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the administration.
- 10.7 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to creditors for further approval.
- 10.8 Details of the firm's charge-out rates and policy regarding the recharge of expenses, staff allocation, support staff and the use of subcontractors are attached at Appendix H. Please be aware that the firm's charge out rates have been amended with effect from 1 March 2021.
- 10.9 Further guidance may be found in "Administration: A Guide for Creditors on Insolvency Practitioner Fees" (Version 1 – April 2021) which may be downloaded using the following link:
<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/>.

If you would prefer this to be sent to you in hard copy please email recovery@leonardcurtis.co.uk or contact Mary Dempsey of this office on 0161 831 9999

Statement of Likely Expenses

- 10.10 The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information of this information, it has been separated into the following categories:
- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.
 - (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 expenses"

and they may not be drawn without the approval of the creditors in the same way as fees and creditors will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.

- 10.11 The Joint Administrators are also required to disclose to those responsible for approving our remuneration whether any payments we intend to make from an insolvency estate are to associates of Leonard Curtis. Payments to associates are subject to the same level of approval as the office holder's fees and category 2 expenses. Details of this firm's policy regarding the use of associates and the level of their fees is given in Appendix H.

Further Updates

- 10.12 The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

11 ESTIMATED OUTCOME FOR CREDITORS

- 11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.
- 11.2 The Estimated Outcome Statement assumes the following:
- a) That asset realisations are in line with those estimated at Appendix B;
 - b) That the Joint Administrators' fees estimate (as detailed at Appendix E) is approved and is not exceeded; and
 - c) That the expenses of the administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.
- 11.3 In summary:
- Secured creditors – There are no Secured Creditors.
 - Preferential creditors – It is anticipated that preferential creditors will be paid in full.
 - Secondary Preferential creditors – It is anticipated that there may be sufficient funds available to declare a dividend to secondary preferential creditors.
 - Unsecured creditors – It is not anticipated that there will be sufficient realisations to enable a distribution to unsecured creditors.

12 RELEASE OF ADMINISTRATORS FROM LIABILITY

- 12.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.
- 12.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.
- 12.3 The relevant form to enable you to consider this decision is attached at Appendix J of this report.

13 VOTING PROCEDURE AND CONCLUSION

- 13.1 It is important that you give careful attention to this report and its Appendices.
- 13.2 Details of all decisions to be made by creditors are included on Appendix I – Notice of a Decision Procedure by Correspondence. In order for your vote to count, you should ensure that your completed voting form (see Appendix J) has been delivered to the Joint Administrators on or before the Decision Date given on the front of this report and in Appendix I. Your vote should be accompanied by a proof of debt, unless one has previously been provided, failing which your vote may be disregarded.
- 13.3 Creditors' attention is drawn to Chapter 9 of Part 1 of the Rules, which detail the rules for delivery of documents.
- 13.4 Creditors will be notified of the outcome of the decision procedure in due course.

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

for and on behalf of
HULK SCAFFOLDING LIMITED



MIKE DILLON
JOINT ADMINISTRATOR

Mike Dillon is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 24610 and Andrew Poxon is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 8620

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

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

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

APPENDIX B

ESTIMATED FINANCIAL POSITION AS AT 21 JANUARY 2022

	Notes	Book value £	In Administration £
Assets subject to finance			
Encumbered Scaffolding	1	88,313	92,591
Less: 1PM Finance		(20,609)	(20,609)
Less: Armada Asset Finance		(5,509)	(5,509)
Less: Funding Circle		(5,998)	(5,998)
Less: Kingsley Asset Finance		(6,734)	(6,734)
Less: Lloyds Asset Finance		(31,653)	(31,653)
Less: Shawbrook Bank		(21,088)	(21,088)
Surplus / (Deficiency) as per Assets subject to finance (c/f)		(3,279)	1,000
Vehicles	2	31,000	31,000
Less: Northridge Truck Finance		(17,000)	(17,000)
Less: Close Brothers		(14,000)	(14,000)
Surplus / (Deficiency) as per Vehicles		Nil	Nil
Assets not specifically pledged			
Equity in Finance Agreements (b/d)	1	Nil	1,000
Book Debts	3	58,205	29,103
Unencumbered Scaffolding	4	Nil	3,192
Work in Progress	5	30,500	7,625
Goodwill	6	Nil	1
Vehicle	2	1,250	1,250
Inter-company Debtors	7	431,477	n/k
Cash at Bank	8	200	TBC
		521,632	42,171
Preferential creditors	9	Nil	(225)
Secondary Preferential Creditors	10	(385,077)	(385,077)
Net property available for prescribed part		(385,077)	(385,303)
Prescribed part calculation		N/a	N/a
Available for floating charge creditor		385,252	(343,132)
None		Nil	Nil
Surplus as regards floating charge holder		385,252	(343,132)
Add back prescribed part	11	N/a	N/a
Available for unsecured creditors		385,252	(343,132)

Hulk Scaffolding Limited - In Administration

Unsecured creditors

Trade Creditors	12	(43,981)	(43,981)
HM Revenue & Customs	13	(60,779)	(60,779)
Connected Party	14	(59,688)	(59,688)
CVA Trade Creditors	15	(73,278)	(73,278)
Pension Contributions	16	(2,184)	(2,184)
Total value of unsecured creditors		<u>(239,909)</u>	<u>(239,909)</u>
Estimated deficiency as regards unsecured creditors		<u>145,343</u>	<u>(583,041)</u>

NOTES TO THE ESTIMATED FINANCIAL POSITION

All book values have been taken from the Company's latest financial information or from valuations obtained upon administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the administration.

1. Equity in Finance Agreements

CAM conducted an independent valuation of the Finance Agreements, they identified that the encumbered scaffolding would likely only hold any value in-situ, but connected to the existing contract and assuming the funders and buyer would be willing to novate the finance agreements (and which are subject to personal guarantees).

The estimated to realise figure has been achieved following the sale of Equity in Finance Agreements in the sum of £1,000.00.

2. Vehicles

No equity was identified in the encumbered vehicles and so were excluded from the Sale and Purchase Agreement. The Purchaser is to liaise with the finance Company to arrange for these agreements to be novated. A sale of the unencumbered vehicle was completed in the sum of £1,250.

3. Book Debts

The book value on appointment of specific Book Debts totalled £58,205 and has been taken from information provided by management. This value is the net sale price once completed and does not make provision for costs and expenses to complete.

The estimated to realise figure has been achieved following the sale of specific book debts in the sum of £29,103 which represents a return of 50%.

4. Scaffolding

CAM conducted an independent valuation of the unencumbered Scaffolding. They advised that it was difficult to attribute value as the Company held no record of physical stock.

They reviewed the schedules available to them and identified that the latest set of filed accounts the Plant & Machinery was valued at £110,000 with finance outstanding of £86,000. After allowing for depreciation, they advised they do not consider there to be any equity within the agreements.

The estimated to realise figure has been achieved following the sale of specific book debts in the sum of £3,192 which represents a return of 50%.

5. Work in Progress

The Company held Work in Progress totalling £30,500, CRM conducted an independent assessment and indicated that there was a risk that the contracts would be terminated upon the Company entering into a further insolvency process, CRM therefore indicated that it would hold a value between £7,000 and £8,000.

The Purchaser's offer included £7,625 which was in line with the assessment conducted by CRM. This offer was subsequently recommended for acceptance by CRM.

6. Goodwill

The Company's latest set of statutory accounts or management accounts do not attribute any value to Goodwill.

The estimated to realise figure has been achieved following the sale of Goodwill.

7. Inter-company Debtors

Company records indicate an Inter-Company Debtor position totalling £374,220.23 as at 21 January 2022 detailed below:

	£
Brickwork 365 Ltd	99,670.17
Scaffolding 365 Limited	17,455.65
Brickwork Contracting Services Limited	35,829.46
Newbuild 2015 Limited	221,091.38
Rendtec Limited	Nil
365 (2012) Ltd	173.57
Total	374,220.23

In the CVA proposal dated 4 June 2019, Rendtec Limited were a debtor in sum of £12,887 but are now identified in the Company records as being owed £17,807. It should be noted that following the presentation of a petition on 29 April 2020 Rendtec Limited was placed into Compulsory Liquidation on 14 September 2020.

The Joint Administrators will conduct further reconciliations of these debts and will take steps to recover sums due. The findings of these investigations will be detailed in future reports. However, the realisable value of these debts are entirely dependent on the financial position of the connected debtors.

8. Cash at Bank

As at 21 January 2022, the Company has advised that the current account held a credit balance totalling £200.31.

The Joint Administrators are liaising with Barclays bank in respect of these monies and will request that these funds are made available to the administration estate.

9. Preferential Creditors

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

The Company employed 4 members of staff who were transferred to the Purchaser under TUPE immediately upon our appointment therefore mitigating preferential claims for wages and accrued holiday pay.

We understand that there are outstanding pension contributions that have been deducted from pay but not paid to the pension scheme from May 2020 to the date of appointment. Outstanding employee pension contributions for the four months preceding the relevant date of insolvency can be claimed preferentially within the administration. Preferential claims within the administration total £225.60.

10. Secondary Preferential Creditors

With respect to insolvencies commencing on or after 1 December 2020, HMRC will rank ahead of floating charge holders and unsecured creditors in respect of certain unpaid taxes that the relevant company collects on behalf of HMRC. These taxes are known as Priority Taxes and include:

- VAT;
- PAYE (including student loan repayments);
- Construction Industry Scheme deductions; and
- Employees' NI contributions.

Company records detail c£197k is due to HMRC in respect of VAT and c£43k in respect of PAYE which are deemed to be Priority Taxes. In respect of the CIS liability, c£144k is due to HMRC however the Company no longer held Gross Payment Status with effect from 14 August 2019 and advised that funds totalling £133,332.40 have been deducted in this respect. The Joint Administrators will liaise with HMRC to establish the set off position.

11. Prescribed Part

As it is anticipated that the secured creditor will be repaid in full under its fixed charge, there is no requirement to set aside a prescribed part in this case.

12. Trade and expense creditors

This figure has been taken from the Company's books and records based on the latest information available and relate to debts incurred post CVA. This claim should not be regarded as an agreed amount.

13. H M Revenue & Customs

This figure has been taken from the Company's books and records based on the latest information available and represents the Corporation Tax liability known to date. This claim should not be regarded as an agreed amount and is based on Company information. A claim will be received from HMRC over the course of the administration detailing the amount due in respect of Corporation Tax and Employer National Insurance Contributions which will rank as an unsecured claim.

14. Connected Party Loan

This figure has been taken from company records and is in respect of loans made to the company by a Director and connected company. These claims should not be regarded as agreed.

15. CVA Trade Creditors

The CVA creditor balances have been extracted from the CVA Proposal and should not be regarded as agreed amounts. In addition, they do not provide for any dividend payments due to be made in the CVA.

16. Arrears in Pension Contributions

We understand that there are outstanding pension contributions that have been deducted from pay but not paid to the pension scheme from May 2020 to the date of appointment. Outstanding employee pension contributions for the four months preceding the relevant date of insolvency can be claimed preferentially within the administration. Preferential claims within the administration total £225.60.

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

APPENDIX B (CONTINUED)

Name	Address					Per Statement of Affairs
CIBT Levy & Grant Department	CITB	Bircham Newton	Kings Lynn	Norfolk	PE31 6BR	£5,820.12
George Roberts	Wakefield Road	Liverpool			L30 6TZ	£38,160.46
HMRC - (Secondary Preferential)	Debt Management - EIS C				BX9 1SH	£385,077.00
HMRC - (Unsecured Creditor)	Debt Management - EIS C				BX9 1SH	£60,778.76
Employee Claims - made up of 1 claim						£2,409.44
Connected Party Loans (see attached)						£59,687.80
CVA Trade Creditor Claims (see attached)						£73,278.40
Finance Creditors (see attached)						£122,591.53
Total						£747,803.53

* The Company no longer held Gross Payment Status with effect from 14 August 2019 and advised that funds totalling £133,332.40 have been deducted in this respect, the Joint Administrators will liaise with HMRC to establish the set off position.

Hulk Scaffolding Limited - In Administration

CVA TRADE CREDITORS FOR THE ESTIMATED FINANCIAL POSITION

Name	Address					Per Statement of Affairs
1pm UK Limited	c/o Begbies Traynor (SY) LLP	National Creditor Ser- vices	3rd Floor Westfield House	60 Charter Row	S1 3FZ	£2,115.64
Anthony Marshall Account- ants	70 Market Street	Tottington	Bury		BL8 3LJ	£1.00
CIBT Levy & Grant Depart- ment	CITB	Bircham Newton	Kings Lynn	Norfolk	PE31 6BR	£9,600.91
Conister Bank Limited	Clarendon House	Victoria Street	Douglas		IM1 2LN	£24,578.00
Generation Hire & Sale	Trinity Street	Oldbury	West Midlands		B69 4LA	£1,939.44
George Roberts	Wakefield Road	Liverpool			L30 6TZ	£35,042.41
Lex Autolease	25 Eresham Street	London			EC2V 7HN	£1.00
Total						£73,278.40

CONNECTED PARTY LOAN FOR THE ESTIMATED FINANCIAL POSITION

					Per Statement of Affairs
Zackary Clarkson (Connected Person)	c/o Elton Fold Works	Harvey Street	Bury	BL8 1FZ	£21,853.00
Brickwork 365 Ltd (Connected Company)	Elton Fold Works	Harvey Street	Bury	BL8 1FZ	£37,834.80
Total					£59,687.80

Hulk Scaffolding Limited - In Administration

FINANCE CREDITORS FOR THE ESTIMATED FINANCIAL POSITION

Name	Address					Per Statement of Affairs
1pm UK Limited	c/o Begbies Traynor (SY) LLP	National Creditor Services	3rd Floor West- field House	60 Charter Row	S1 3FZ	£20,609.26
Armanda Asset Finance	Armanda House	Odhams Wharf	Topsham		EX3 0PB	£5,509.44
Close Brothers	Roman House	Roman Road	Doncaster		DN4 5EZ	£14,000.00
Funding Circle	71 Queen Victoria Street	London			EC4V 4AY	£5,997.88
Kingsley Asset Finance	Stirling House	2 Mill Lane	White Le Woods	Chorley	PR6 7LX	£6,733.54
Lloyds Commercial Finance	Lutea House The Drive	Warley Hill Business Park	Great Warley	Brentwood	CM13 3BE	£31,653.31
Northridge Truck Finance	Circa 2A High Street	Bracknell	Berkshire		RG2 6AA	£17,000.00
Shawbrook Bank	One new Bailey	Standley Street	Manchester		M3 5JL	£21,088.10
Total						£122,591.53

APPENDIX C

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
21 JANUARY 2022 TO 4 FEBRUARY 2022**

	Statement of Affairs	Received to date
	£	£
RECEIPTS		
Book Debts	29,102.50	5,820.50
Scaffolding	3,192.25	638.45
Work In Progress	7,625.00	1,525.00
Goodwill	1.00	0.20
Vehicle	1,250.00	250.00
Equity in Finance Agreements	1,000.00	200.00
Cash at Bank	200.10	n/k
Inter-company Debtors	n/k	-
	42,170.75	8,434.15
PAYMENTS		
None		-
		Nil
BALANCE IN HAND		8,434.15

SUMMARY OF JOINT ADMINISTRATORS' PRE-ADMINISTRATION COSTS

	Total		
	Units	Cost	Average hourly rate
	No	£	£
Financial assessment	6	330.00	550.00
Strategy and purpose evaluation	728	34,786.50	477.84
Preparation of Documents	251	9,082.50	361.85
Administrative Set Up	75	2,553.50	340.47
Court Related Issues	7	359.50	513.57
	1,067	47,112.00	441.15

All Units are 6 Minutes

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

Financial Assessment

Time recorded to this category of work has involved:

- Time has been spent liaising with CRM regarding asset valuations in November 2021 and movements since the initial assessment conducted in April 2021.

Strategy & Purpose Evaluation

Time recorded to this category of work has involved:

- Discussing the case strategy for the purpose of Administration;
- Preparing an Estimated Outcome Statement for the Company;
- Liaising with the Company to obtain statutory and management accounts since commencement of trading;
- Meetings with Management to discuss the strategy for the Company and the Administration process;
- Liaising with CAM, CRM and the Directors in relation to the valuation of Company assets;
- Preparation and distribution of a marketing flyer;
- Arranging for the advertisement of the business for sale on the website of LC, CT, IP-BID and CAM;
- Liaising with interested parties by way of emails and telephone conversations;
- Liaising with the Company regarding interest received and issuing Non-Disclosure Agreements ("NDA");
- Provision of information to parties who returned NDA's and provided proof of funding;
- Liaising with the Purchaser in respect of their offer;
- Assessment of the offer and obtaining assessments and recommendations from CAM and CRM;
- Liaising with the Purchaser following acceptance of the offer;
- Liaising with CAM and CRM in respect of the proposed appointment and the strategy;
- Drafting of documentation detailing the proposed strategy to be taken;
- Liaising with Davis Blank Furniss LLP regarding the NOI initially required;
- Liaising with the Company to obtain updated information in November 2021 and January 2022;
- Responding to questions and requests for further information received from the Evaluator when conducting their report;
- Email correspondence to Amicus regarding satisfaction of the outstanding charge;
- Liaising with the Purchaser following acceptance of the offer;
- Responding to questions and requests for further information received from the Evaluator when conducting their report;
- Liaising with Solicitors regarding the progression of the sale and drafting of the Sale and Purchase Agreement and Debenture;
- Liaising with Company regarding outstanding information; and
- Arranging for the signing of documentation to facilitate the sale and receipt of the initial consideration payment.

Preparation of Documents

Time recorded to this category of work has involved;

- Completing pre-appointment formalities including ethical consideration by the proposed Joint Administrators regarding the appointment;

- Review of the valuation provided by CAM and CRM and strategy discussion with the proposed Joint Administrators of the values;
- Review of the recommendation letter from CAM and CRM;
- Completion of the pre-appointment checklist and preparation of required documents;
- Completion of the Consent to Act for each of the proposed Joint Administrators;
- Liaising with Directors and making arrangements for NOI to be sworn;
- Liaising with Chargeholder, Solicitor and Company regarding the satisfaction of the charge at Companies House;
- Extracting financial information from the Company's accounting records;
- Liaising with the Company regarding the provision of information;
- Preparation and review of appointment documents and Sale and Purchase Agreement; and
- Drafting the Initial Letter to Creditors Pursuant to SIP 16 and initial draft of Joint Administrators Report and Statement of Proposals.

Administrative Set Up

Time recorded to this category of work has involved;

- Setting up a case file;
- Completion of internal checks and procedures relating to the proposed appointment, these checks had to be updated due to the prolonged timescales of the sale of the business and assets being completed; and
- Liaising with Company and accountants regarding creditor information.

Court related issues

Time recorded to this category of work has involved;

- Making arrangements for the swearing of the NOI; and
- The proposed Joint Administrators signing the Consent to Act as Administrator.

JOINT ADMINISTRATORS' FEES ESTIMATE

	FEES ESTIMATE		
	Total		
	Units	Cost	Average hourly rate
	No	£	£
Statutory and review	260	9,625.00	370.19
Receipts and payments	138	4,787.50	346.92
Insurance, bonding and pensions	95	3,187.50	335.53
Assets	305	11,775.00	386.07
Liabilities	590	22,090.00	374.41
General Administration	115	4,060.00	353.04
Appointment	130	4,512.50	347.12
Post Appointment Creditors Decision	230	8,825.00	383.70
Investigations	210	8,630.00	410.95
	2,073	77,492.50	373.82

All Units are 6 Minutes

APPENDIX E (CONTINUED)

JOINT ADMINISTRATORS' FEES ESTIMATE

DETAILS OF WORK PROPOSED TO BE UNDERTAKEN

Statutory and Review

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews. These will be carried out periodically throughout the life of the case. In the early stages of the case this will involve weekly team meetings to discuss and agree case strategy and a month 1 review by the firm's Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses, we will as a minimum carry out three monthly and six-monthly reviews to ensure that the case is progressing as planned;
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of all directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years;
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements;
- Completion of case closing procedures at the end of the case; and
- Handover meetings between members of staff when allocating tasks in line with the case strategy.

Receipts and Payments

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly. The work to be carried out under this category will comprise the following:

- Opening of case bank account;
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports – in total there will be three periodic receipts and payments reports prepared for inclusion in this report and also two progress reports;
- Timely completion of all post appointment tax and VAT returns;
- Allocation of monthly consideration payments;
- Managing estate expenses; and
- Preparation and review of a number of periodic Estimated Outcome Statements ("EOS"), which will be used to monitor the progress of asset realisations and the administration generally.

Insurance, Bonding and Pensions

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of

case expenditure is crucial to delivering maximum returns to the appropriate class of creditor. The work to be carried out under this category will comprise the following:

- Calculation and request of Joint Administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors;
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case and also at three-month intervals in accordance with best practice;
- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pension's legislation; liaising with pensions providers to understand the nature of the scheme, and submitting claims to the Redundancy Payments Service for reimbursement of unpaid contributions to the scheme; and
- Liaising with pension companies to arrange for prompt wind up of schemes.

Assets

The work set out in this category may bring a financial benefit for creditors. It is anticipated that this will include a distribution to Preferential Creditors and dependant on the level of claim it may be possible to declare a further dividend to Secondary Preferential Creditors. The work to be carried out under this category will comprise the following:

- Agreeing strategy for realisation of Company assets – time has been spent completing a sale of the Goodwill, Motor Vehicle, Book Debt, Work in Progress, Scaffolding and Equity in Financed Assets;
- Monitoring receipt of deferred consideration in line with Sale and Purchase Agreement;
- Time will be spent by the Joint Administrators liaising with CRM in respect of the inter-company debtor position and if appropriate making demands for payment of the outstanding debts;
- Liaising with Company's bankers re pre-appointment bank accounts and the credit balance; and

Liabilities

This category of time includes both statutory and non-statutory matters and will not necessarily bring any financial benefit to creditors generally. The more employees and creditors a company has, the more time and cost will be involved in dealing with those claims. The work to be carried out under this category will comprise the following:

Statutory

- Processing of claims from the Company's creditors – all claims received from the Company's 27 creditors will be logged. Claims are not being formally agreed at this stage as they will be agreed by a subsequently appointed liquidator should a dividend be payable to unsecured creditors;
- Preparation, review and submission of pre-appointment tax and VAT returns;
- Declaration of a dividend to Preferential Creditors and where funds will allow a dividend to Secondary Preferential Creditors;
- Preparation and submission of the Joint Administrators initial letter to creditors pursuant to SIP16; and
- Preparation and submission of periodic progress reports to creditors – It is anticipated that the administration will last for the standard 12 months, as such in addition to this report, there will be two progress reports which will be prepared during the lifetime of the case.

Non-statutory

- Dealing with enquiries from the Company's creditors – this will include dealing with creditors general queries by post, telephone and email.

General Administration

This category of work does not result in a direct financial benefit for creditors; however it is necessary for these tasks to be completed in order to ensure the smooth and efficient progression of the administration. The work to be carried out under this category will comprise the following:

- General planning matters;
- Setting up and maintaining the administrator's records;
- Arranging collection and storage of company records; and
- Dealing with general correspondence and communicating with directors and shareholders.

Appointment

There are certain tasks which the Joint Administrators have a statutory obligation to undertake during the administration process. Other tasks are completed in order to ensure the administration is progressed to the benefit of all creditors and stakeholders. Actions completed to date are both statutory and non-statutory and include the following, they will not result in a direct financial benefit for creditors:

- Statutory notifications to creditors and other interested parties following the administrators' appointment;
- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

Post Appointment Creditors' Decisions

This category of activity encompasses work undertaken for statutory reasons. This work will not directly result in any financial benefit for creditors.

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (England and Wales) Rules 2016; and
- Liaising with the general body of creditors with regard to agreeing to the Fees Estimate with appropriate of creditors;
- Reporting on outcome of voting.

Investigations

Some of the work administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ("CDDA") and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations. It may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrator can pursue for the benefit of creditors.

- Collecting and reviewing the Company's records – time will spent attending company premises and collecting books and records;
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations. Statutory Investigations will include determining if any of the following have occurred:

- Transactions at an Undervalue;
- Preferences;
- Transactions putting assets beyond the reach of creditors;
- Misfeasance or breach of any fiduciary duty;
- Wrongful trading; and
- Undue retention of Crown monies.

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Description	Amount £
Bond Fee	Insurance bond	135.00
Document Hosting	Hosting of documents for creditors. Payment to Associate requiring specific creditor / committee approval	84.00
Software Licence Fee	Case management system licence fee. Payment to Associate requiring specific creditor / committee approval	87.00
Statutory Advertising	Advertising	95.40
Storage Costs	Storage of books and records	150.00
Postage Costs	Cost of issuing correspondence by post	100.00
	Total standard expenses	651.40

Case Specific Expenses

Type	Description	Amount £
Employment Advisors	Dealing with employee pension claims	350.00
Accountancy Fees	Cost of assisting the company with the Completion of the Statement of Affairs	1,000.00
Cerberus Receivables Management	Reconciliation of Inter-Company Loan Position	5,000.00
CAPA	Investigating refund from the local authority in respect of non-domestic rates refund	25% of any refund
Staff Mileage	Category 2 expense requiring specific creditor / committee approval	50.00
Swearing Fee	Cost of Swearing Notice of Appointment	10.00
	Total case specific expenses	6,410.00

ESTIMATED OUTCOME STATEMENT

	Preferential	Secondary	Unsecured
	Preferential	Preferential	
	£'000	£'000	£'000
Amount estimated to be available to class of creditor	1	0.77	Nil
Amount due to creditor per Appendix B	(0.23)	(385)	(240)
Estimated dividend rate (as a %)	100.00%	0.00%	0.00%

LEONARD CURTIS POLICY REGARDING FEES AND EXPENSES

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

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

Where it has been agreed by the appropriate body of creditors that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to request and obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rates given below.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	6 Jan 2014 onwards		1 Aug 2019 onwards		1 March 2021 onwards	
	Standard	Complex	Standard	Complex	Standard	Complex
	£	£	£	£	£	£
Director	450	562	525	656	550	688
Senior Manager	410	512	445	556	465	581
Manager 1	365	456	395	494	415	518
Manager 2	320	400	345	431	365	456
Administrator 1	260	325	280	350	295	369
Administrator 2	230	287	250	313	265	331
Administrator 3	210	262	230	288	245	306
Administrator 4	150	187	165	206	175	219
Support	0	0	0	0	0	0

Office holders' remuneration may include costs incurred by the firm's in-house legal team, which may be used for non-contentious matters pertaining to the insolvency appointment.

Use of Associates

We are required to disclose to those responsible for approving our remuneration whether any payments we intend to make from an insolvency estate are to Associates of Leonard Curtis. The term "Associate" is defined in s435 of the Insolvency Act 1986 but we are also required to consider the substance or likely perception of any association between the appointed insolvency practitioner, their firm (LC) or an individual within the firm and the recipient of a payment. Payments to Associates are subject to the same level of approval as the office holder's fees and category 2 expenses (see table below).

Whilst we are not aware of any third parties who meet the legal definition of "Associate" we are aware that there is a perceived association between LC and Pelstar Limited. Pelstar Limited provides insolvency case management software and document hosting facilities to LC. LC employs an individual who is married to a director of Pelstar Limited. Pelstar Limited's costs are set out in the tables below.

Use of Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Use of Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Categorisation of Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount																								
AML checks via Smartsearch	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per search																								
Bond / Bordereau fee via AUA Insolvency Services	Insurance bond to protect the insolvent entity against any losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches via Companies House	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting via Pelstar Limited (see Use of Associates and Category 2 expenses)	Hosting of documents via a secure portal for access by creditors/shareholders. Costs are charged per upload plus VAT and are generally dependent upon the number of creditors. The costs are commensurate with those charged by other providers of comparable services.	<table><tr><th>Type</th><th>First 100</th><th>Every addtl 10</th></tr><tr><td>ADM</td><td>£14.00</td><td>£1.40</td></tr><tr><td>CVL</td><td>£7.00</td><td>£0.70</td></tr><tr><td>MVL</td><td>£7.00</td><td>£0.70</td></tr><tr><td>CPL</td><td>£7.00</td><td>£0.70</td></tr><tr><td>CVA</td><td>£10.00</td><td>£1.00</td></tr><tr><td>BKY</td><td>£10.00</td><td>£1.00</td></tr><tr><td>IVA</td><td colspan="2">£10 p.a. or £25 for life of case</td></tr></table>	Type	First 100	Every addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 p.a. or £25 for life of case	
		Type	First 100	Every addtl 10																						
		ADM	£14.00	£1.40																						
		CVL	£7.00	£0.70																						
		MVL	£7.00	£0.70																						
		CPL	£7.00	£0.70																						
		CVA	£10.00	£1.00																						
		BKY	£10.00	£1.00																						
IVA	£10 p.a. or £25 for life of case																									
Software Licence fee hosting via Pelstar Limited (see Use of Associates and Category 2 expenses)	Payable to software provider for use of case management system. The costs are commensurate with those charged by other providers of comparable services.	£87.00 plus VAT per case																								
Postage via Royal Mail or Postworks	Cost of posting documents which are directly attributable to a case to external recipients	Calculated in accordance with applicable supplier rates and dependent on the number of pages and whether the document is sent by international, first or second class post.																								
Post re-direction via Royal Mail	Redirection of post from Company's premises to office-holders' address	0-3 months £216.00 3-6 months £321.00 6-12 months £519.00																								
Statutory advertising via advertising agents	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£91.80 - £102.00 plus VAT per advert Dependent upon advert and publication																								

b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include but may not be restricted to:

Please note that expenses are generally categorised as Category 1 or Category 2:

- | | |
|------------------|--------------|
| Business mileage | 45p per mile |
|------------------|--------------|

Joint Administrators' Report and Proposals

NOTICE OF A DECISION PROCEDURE BY CORRESPONDENCE

Re: HULK SCAFFOLDING LIMITED (IN ADMINISTRATION) ("the Company")

Registered number: 09054118

Court details: High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) Court Ref: CR-2022-MAN-000057

NOTICE TO CREDITORS OF A DECISION PROCEDURE TO BE CONSIDERED BY CORRESPONDENCE IN ACCORDANCE WITH RULES 15.8 AND 18.18 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016

We, Mike Dillon and Andrew Poxon, of Leonard Curtis, Riverside House, Irwell Street, Manchester, M3 5EN, were appointed Joint Administrators of the Company on 21 January 2022.

NOTICE IS HEREBY GIVEN pursuant to Rules 15.8 and 18.18 of the Insolvency (England and Wales) Rules 2016 that the creditors are being asked to make a decision as to whether they agree the basis of the Joint Administrators' remuneration and approve three other decisions by way of correspondence.

To participate in the vote creditors will need to have delivered a completed voting form to my office at Riverside House, Irwell Street, Manchester, M3 5EN or via email to mary.dempsey@leonardcurtis.co.uk by 23:59pm on 21 February 2022 (the Decision Date) together with a proof of debt form if one has not previously been lodged. Failure to deliver a proof of debt will result in your vote being disregarded.

NB. Creditors' attention is drawn to Chapter 9 of Part 1 of the Rules, which detail the rules for delivery of documents.

The resolutions to be considered are:

1. In the absence of a creditors' committee, that the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £77,492.50).
2. That the unpaid pre-administration costs as detailed in the Joint Administrators' Statement of Proposals be approved for payment as an expense of the Administration.
3. That the basis of the recharge of the Joint Administrators' category 2 expenses and payments to associates be fixed by reference to the rates set out in the Joint Administrators' Statement of Proposals and that they be authorised to pay or be reimbursed such expenses as and when funds permit.
4. That the Joint Administrators be discharged from liability in respect of any action(s) of theirs as Administrators pursuant to the provisions of paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, immediately upon their appointment ceasing to have effect.

Statutory Information and Creditors' Entitlement To Vote

In accordance with Rule 15.8 of the Insolvency (England and Wales) Rules 2016 please be aware of the following information:

- Creditors are only entitled to vote if they have delivered a proof of debt prior to the decision date and the claim has been accepted in whole or in part, together with a voting form. Whilst I am permitted to agree claims below £1,000 without a proof of debt, a creditor whose claim is less than £1,000 is not able to vote

without having lodged a proof of debt. Creditors who have opted out from receiving notices may, nevertheless, vote if a proof of debt has been lodged.

- Creditors must deliver their voting form no later than 23:59pm on 21 February 2022 (the Decision Date). Forms should be posted to Hulk Scaffolding Limited at Leonard Curtis, Riverside House, Irwell Street, Manchester, M3 5EN. Alternatively voting forms can be faxed to 0161 831 9090 or submitted by email to mary.dempsey@leonardcurtis.co.uk
- I am obliged to advise creditors that applications to have any decision reviewed must be made to High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) under reference CR-2022-MAN-000057. Any such application should be made within 21 days of the decision date.
- If creditors are not satisfied with the decision procedure being used, they may request a physical meeting be convened providing their claim is 10% of the value of the creditors or 10% of the number of creditors request the same or 10 individual creditors request that a meeting be convened. All requests to hold a physical meeting should be made in writing but can be made by email to Manchester.meetingreq@leonardcurtis.co.uk. Requests for a physical meeting should be made within five business days of delivery of this notice.

Dated: 4 February 2022

Signed:



**MIKE DILLON
JOINT ADMINISTRATOR**

Contact details

Mike Dillon and Andrew Poxon
Leonard Curtis
Riverside House
Irwell Street
Manchester
M3 5EN
Tel: 0161 831 9999

VOTING FORM FOR CREDITORS

Re: HULK SCAFFOLDING LIMITED (IN ADMINISTRATION) ("the Company")

Registered number: 09054118

**Court details: HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER -
COMPANY & INSOLVENCY LIST (CHD) REF: CR-2022-MAN-000057**

Please indicate whether you are in favour or against each of the decisions set out below.

Please note that this form should be returned prior to 23:59pm on 21 February 2022 to my offices Riverside House, Irwell Street, Manchester, M3 5EN. Alternatively the form can be faxed to Leonard Curtis on 0161 831 9999 or submitted by email to mary.dempsey@leonardcurtis.co.uk. In order for your vote to be valid a proof of debt should also have been lodged.

RESOLUTIONS TO BE CONSIDERED

Decision 1

In the absence of a creditors' committee, that the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters as set out in the Fees Estimate (for an amount not exceeding £77,492.50).

I am *in Favour / Against

Decision 2

That the unpaid pre-administration costs as detailed in the Joint Administrators' Statement of Proposals be approved for payment as an expense of the Administration.

I am *in Favour / Against

Decision 3

That the basis of the recharge of the Joint Administrators' category 2 expenses and payments to associates be fixed by reference to the rates set out in the Joint Administrators' Statement of Proposals and that they be authorised to pay or be reimbursed such expenses as and when funds permit.

I am *in Favour / Against

Decision 4

That the Joint Administrators be discharged from liability in respect of any action(s) of theirs as Administrators pursuant to the provisions of paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, immediately upon their appointment ceasing to have effect.

I am *in Favour / Against

****delete as appropriate***

TO BE COMPLETED BY CREDITOR:

Dated: _____

Signed: _____

Name of creditor: _____

Position: _____

Proof of Debt – General Form
Relevant date: 21 January 2022

claims.manchester@leonardcurtis.co.uk quoting ref: H994K/MDE/PROOF

Name of Company in Administration:

Hulk Scaffolding Limited

Company registered number:

09054118

1. Name of creditor (if a company, provide registration number)

2. Correspondence address of creditor (including email address)

3. Total amount of claim (£) at relevant date (include any Value Added Tax)

4. If amount in 3 above includes outstanding uncapitalised interest, state amount (£)

5. Details of how and when the debt was incurred (if you need more space attach a continuation sheet to this form)

6. Details of any security held, the value of the security and the date it was given

7. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

8. Details of any document by reference to which the debt relates

9. Signature of creditor (or person authorised to act on the creditor's behalf)

10. Date of signing:

11. Address of person signing (if different from 2 above)

12. Name in BLOCK LETTERS

13. Position with, or relation to, creditor

Notes:

1. There is no need to attach them now but the office-holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office-holder. If completing on behalf of the company, please state your relationship to the company.
3. **Please e-mail completed form to:**
claims.manchester@leonardcurtis.co.uk quoting ref: H994K/MDE/PROOF

NOTICE OF AN INVITATION TO CREDITORS TO FORM A CREDITORS' COMMITTEE

In the:	HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER - COMPANY & INSOLVENCY LIST (CHD)	No:	CR-2022-MAN-000057
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Re:	HULK SCAFFOLDING LIMITED (IN ADMINISTRATION)
Registered No:	09054118

Address of Company	83 BARTON ROAD, ECCLES, MANCHESTER, M30 7AE
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NOTICE IS HEREBY GIVEN, IN ACCORDANCE WITH PARAGRAPH 57 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986, RULE 3.39 AND PART 17 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016, THAT creditors are invited to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee. Mike Dillon and Andrew Poxon invite creditors to put forward their nominations for membership of the committee. Such nominations must be received by the date specified in this notice. The Joint Administrators can only accept nominations if they are satisfied as to the creditors' eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Nominations must be received by:
and should be delivered to:

21 February 2022
Mike Dillon and Andrew Poxon
Riverside House
Irwell Street
Manchester
M3 5EN
Tel: 0161 831 9999
Email:recovery@leonardcurtis.co.uk

Signed:		Dated:	
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Creditors are referred to section 1.12 of this report for a link to guidance for creditors as to the roles, duties and responsibilities of members of creditors' committees.

Under Rule 17.4, a creditor is eligible to be a member of such a committee if they have proved for a debt, which is not fully secured, and the proof has not been wholly disallowed for voting purposes or rejected for the purposes of distribution or dividend. A body corporate may be a member of a committee, but it cannot act otherwise than by a duly appointed representative. No person can be a member as both a creditor and a contributory.

APPENDIX M

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



Please ask for : Mary Dempsey
Our ref : M/56/MDE/H994K/1040
Your ref :

27 January 2022

**TO ALL CREDITORS
TO THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES**

Dear Sir(s)/Madam

**HULK SCAFFOLDING LIMITED - IN ADMINISTRATION ("THE COMPANY")
HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER - COMPANY & INSOLVENCY
LIST (CHD) NO. CR-2022-MAN-000057
COMPANY NUMBER: 09054118**

I write to advise you that Andrew Poxon and I were appointed as Joint Administrators of the Company on 21 January 2022. Attached is formal Notice of our Appointment.

You are receiving this notice because the Company's records show that you are a creditor of the Company. The Company's creditors will fall into one of the following categories:

- Secured creditors – a creditor who has the benefit of a security interest over some or all of the assets of the Company (e.g. banks, factoring providers);
- Preferential creditors – creditors who have a preferential right to payment out of the Company's assets once realised (e.g. employees in respect of arrears of pay, holiday pay and certain pension contributions, subject to certain limits);
- Secondary preferential creditors - creditors who have a secondary preferential right to payment out of the Company's assets once realised (e.g. HM Revenue & Customs for any claims in respect of VAT, PAYE (including student loan repayments), Employees' NI contributions and CIS deductions); and
- Unsecured creditors – a creditor other than a preferential creditor or secondary preferential creditor that does not have the benefit of any security interests in the assets of the Company (e.g. ordinary trade suppliers; employees (to the extent that their claims are not preferential).

In our role as Joint Administrators, we are obliged to perform our functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors (including secondary preferential creditors), we have a duty not to unnecessarily harm the interests of creditors as a whole.

Where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after, appointment this is known as a pre-packaged sale or "pre-pack".

Statement of Insolvency Practice 16 requires administrators to provide creditors with a detailed explanation and justification of why a pre-packaged sale was undertaken, so that creditors can be satisfied that we have acted, where necessary, with due regard for their interests. Additional statutory obligations are placed upon administrators (and purchaser) where a pre-packaged sale is agreed to a connected party (as defined in para 60(A)(3) of Schedule B1 to the Insolvency Act 1986).

In this case, a sale of the Company's business and assets to Holcombe Homes Ltd (CRN: 10012466) ("the Purchaser") was completed on 21 January 2022. Set out at Appendix A is a summary of the circumstances and information relevant to this sale that we are required to disclose. Please note that the sale was to a connected party. The Purchaser is a connected party within the definitions of sections 249 and 435 of the Insolvency Act 1986 ("the Act") by virtue of the fact that the sole Director and Shareholder of the Purchaser, Zackary Thomas Clarkson is also a Director and Shareholder of the Company.

With regard to orders placed by the Company prior to Administration but not yet delivered, suppliers should obtain confirmation from the Purchaser that the goods or services are still required and, if so, an order may be placed with the purchasing company. It should be noted that goods sold and delivered by the Company since Administration commenced must be paid for in full and cannot be set off against any claims against the Company.

You will appreciate that, as a result of the Administration, your previous account with the Company is frozen and neither the Administrators nor the Purchaser are in a position to deal with claims of unsecured creditors. Nevertheless, we should be grateful if you would let us have a detailed account of the amount owing to you as at the date of Administration. Your account, and any future correspondence in connection with the Company, should be sent to our address. Please remember to provide your full name, address, telephone number and email address for our records. If you are claiming title to goods supplied by you, please let us have full details, including your conditions of sale. If you believe you have a claim to goods it is imperative that you contact us as soon as possible and, if necessary, arrange a date to identify the goods in question. Failure to do so may prejudice your claim if any goods to which you claim title have been sold. We will not be liable in the event that goods are sold prior to notice of any valid retention of title claim being received.

Under the provisions of Paragraph 43 of Schedule B1 to the Insolvency Act 1986 ("the Act") no steps may be taken by any creditor to enforce any security over the Company's property or to repossess goods in the Company's possession under any hire purchase agreement (which includes conditional sale agreements, chattel asset leasing agreements and retention of title agreements) without the consent of the Joint Administrators or leave of the Court.

Also no other proceedings and no execution or other legal process may be commenced or continued, and no distress may be levied against the Company or its property except with the consent of the Joint Administrators or leave of the Court.

Where a pre-packaged sale has been undertaken, the Administrators should circulate their Proposals as soon as practicable after appointment, and where possible with this notification. We are currently in the process of formulating our proposals and these along with details of a decision procedure for their approval will be sent to creditors by 1 February 2022 as they are in the final review process. At that time, the Joint Administrators will be seeking, from the appropriate body of creditors, approval of the basis upon which their remuneration is to be calculated. A Creditor's guide to Administrators' fees (Version 1 issued 1 April 2021), which sets out the rights of creditors in this respect, is available from our office free of charge or may be downloaded from:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/>

You are also encouraged to read the following, which provides a step by step guide designed to help creditors navigate through an insolvency process:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/28872/page/1/administration/>

If you have any information regarding the conduct of the directors which you feel should be brought to our attention, any concerns regarding the way in which the Company's business has been conducted or information on potential recoveries or any particular matters which you consider require investigation, please send full details to this office at the address given below. This request forms part of our statutory investigation procedures and does not necessarily imply any criticism of the directors.

Data Protection

Finally, when submitting details of your claim in the administration, you may disclose personal data to us. The processing of personal data is regulated in the UK by the General Data Protection Regulation as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. We act as Data Controller in respect of personal data we obtain in relation to this administration and are therefore responsible for complying with Data Protection Law in respect of any personal data we process. Our privacy notice, which is attached to this letter at Appendix B, explains how we process your personal data. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

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

We remind you that the Joint Administrators are agents of the Company and contract without personal liability.

Yours faithfully
for and on behalf of
HULK SCAFFOLDING LIMITED

A handwritten signature in black ink, appearing to read 'Mike Dillon', with a horizontal line extending to the right.

MIKE DILLON
JOINT ADMINISTRATOR

Mike Dillon and Andrew Poxon are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales under office holder numbers 24610 and 8620, respectively

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

Enc

Para 46 of Sch B1 IA86 and Rule 3.27 Insolvency (England and Wales) Rules 2016

The Insolvency Act 1986

Notice of administrator's appointment

Name of Company HULK SCAFFOLDING LIMITED	Company number 09054118
In the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) <small>[full name of court]</small>	Court case number CR-2022-MAN-000057

(a) Insert full name(s) and address(es)

I/We (a)

Mike Dillon & Andrew Poxon of

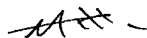
Leonard Curtis, Riverside House, Irwell Street, , Manchester M3 5EN

give notice that ~~I was~~ we were appointed as administrator(s) of the above company on:

(b) Insert date

(b)
21 January 2022

Signed



Dated 25 January 2022

Joint / Administrator(s) (IP No(s)) 24610 / 8620

**HULK SCAFFOLDING LIMITED ("the Company")
(IN ADMINISTRATION)**

**INFORMATION REGARDING THE PRE-PACKAGED SALE OF THE BUSINESS AND ASSETS OF
HULK SCAFFOLDING LIMITED**

1 INITIAL INTRODUCTION

- 1.1 The Company was originally introduced to Leonard Curtis ("LC") by their accountant, Anthony Marshall Limited, in 2019 following the Company entering into cash flow difficulties.
- 1.2 During early 2021, the Company had fallen behind in its obligations under the CVA that was in place (further details are provided in section 2). In particular, the Company was in arrears with its voluntary contributions and with HM Revenue & Customs ("HMRC") in respect of post CVA liabilities. The Company approached LC in April 2021 to discuss its potential options. A meeting with the Company was held on 15 April 2021 where general advice was provided.
- 1.3 Following the meeting, the Directors explored a further variation of the CVA with a view to avoiding a formal insolvency process. Despite a draft variation being prepared, this was not issued to creditors.
- 1.4 On 7 October 2021, the Joint Supervisors of the CVA issued a breach notice and notified the Company that they would shortly be taking action to wind up the Company should the breach not be remedied within 30 days.
- 1.5 The Company was unable to remedy the breach and given the impending failure of the CVA, the Directors approached Leonard Curtis for advice on the Company's position and the available options given the circumstances. These discussions resulted in a formal meeting on 25 October 2021 where it was concluded that the Company was insolvent in accordance with S123 of The Insolvency Act 1986 (as amended) in so far as 'the company cannot pay its debts as and when they fall due' given it cannot remedy the breach, and without an injection of working capital, which is considered unlikely, it would appear that it has no alternative other than to consider a formal insolvency process. It was considered that Administration was the optimum insolvency process.
- 1.6 On 25 October 2021 the Directors verbally instructed LC to place the Company into Administration.
- 1.7 The proposed Administrators, Mike Dillon and Andrew Poxon, did not consider the prior CVA to constitute a "significant prior professional relationship" under their Ethical Code. They considered this to be part of the same instruction by the Company to assist it in resolving its financial difficulties. It is common practice that a company be placed into administration should it transpire that the CVA is no longer viable.
- 1.8 The CVA Proposal provided that Andrew Poxon is authorised to act as an advising member and accept nomination as Administrator should the Company enter Administration. Further to this, Mike Dillon had no involvement in the CVA therefore mitigating any perceived self-review threat.
- 1.9 Accordingly, we do not believe that there are any significant personal or professional relationships between the Company or its directors and Leonard Curtis, and we confirm that we carried out the appropriate conflict review prior to accepting the appointment.

2 PRE-APPOINTMENT CONSIDERATIONS

The extent of the Administrators' involvement prior to the appointment and the Role of the Insolvency Practitioner ("IP")

- 2.1 Following our instruction, we wrote formally to the directors of the Company on 29 October 2021 informing them that our role before any formal appointment would involve providing the following services:
- i) advising them on which insolvency process would be most appropriate for the Company;
 - ii) dealing with all formalities relating to the appointment of Administrators including giving appropriate notification of the intention to make such appointment to secured creditors and other parties entitled to receive notice;
 - iii) preparing any report(s) necessary and attending Court hearings if appropriate;
 - iv) advising them on the financial control and supervision of the business between the date of our engagement and the date of the appointment of Administrators;
 - v) advising them on whether an early sale of the Company's business and trading assets would be likely to be in the interests of creditors.
- 2.2 We made it clear that these services were to be given for the benefit of the creditors of the Company and that our role was not to advise the directors in their personal capacity. We recommended that they seek their own independent advice if they were uncertain on any matter, particularly if they had expressed, or were likely to express, an interest in purchasing the Company's business and trading assets.
- 2.3 We also wrote to all interested parties who we believed to be connected to the Company advising them of the IPs' obligations under Statement of Insolvency Practice 16 ("SIP 16") regarding the marketing of the business and assets of the Company. We advised of the potential for enhanced stakeholder confidence in preparing a viability statement showing how the purchasing entity would survive for at least 12 months from the date of purchase. We also advised of the provisions of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021 which state that administrators are unable to complete a sale of a substantial part of a Company's property to a connected person within the first eight weeks of administration without either the approval of the Company's creditors or a written qualifying report from an Evaluator ("Evaluation Report").
- 2.4 Finally, we explained that initially an IP acts as professional adviser to the Company with responsibilities only to it and its directors. At this stage of the process the IP will assist the directors in making the right decision about what is the correct option for them to pursue in the best interests of creditors having regard to the Company's circumstances. In this case, we advised the directors that the Company was insolvent and that immediate steps be taken to place it into Administration.
- 2.5 Once the Company has been placed into Administration, the IP becomes Administrator with different functions and responsibilities. The Administrator is obliged to perform his functions and responsibilities in the interests of the Company's creditors as a whole and, where the objective of the Administration is to realise property in order to make a distribution to secured or preferential creditors (including secondary preferential creditors), he has a duty not to unnecessarily harm the interests of creditors as a whole.

Background Information

- 2.6 The Company was incorporated on 23 May 2014.

2.7 The Company principal activity was the provision of scaffolding, whose customers primarily deal in the new housing sector. The company operated from leasehold premises at 83 Barton Road, Eccles Manchester M30 7AE ("the Property"). The Company employed 4 staff, as well a number of subcontractors.

2.8 The current directors of the Company are:

Name	Role	Appointed
Zackary Thomas Clarkson	Director	23 May 2014
Claire Maxine Clarkson	Director	3 January 2018

2.9 The Company's shareholding comprises 100 Ordinary £1 shares, which are owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Zackary Thomas Clarkson	Ordinary	50	50
Claire Maxine Clarkson	Ordinary	50	50
		<u>100</u>	<u>100</u>

2.10 The Company has no secured creditors.

2.11 The Company was incorporated to work in tandem with Brickwork 365 Ltd, an established brick laying business operating in the new build housing market and which was connected by way of common directors, Zackary and Claire Clarkson. In 2018, after four successful and profitable years of trading, the new build property market started to level off and contracts did not continue at the same rate. As a result of this downturn in trade and fixed cost base remaining static, the Company's cash flow position worsened resulting in the Company being in a position of being unable to meet its financial commitments as and when they fell due.

2.12 Given the losses and cashflow issues, the Company fell behind in its obligations to trade creditors and HMRC. The Company subsequently proposed a CVA to its creditors on 4 June 2019, which was accepted on 1 July 2019. The CVA required the Company to pay voluntary contributions totalling £210,000 over 5 years. The CVA also required all HMRC returns to be submitted and the relevant payment to be made on time. Furthermore, repayments of intercompany debtors totalling £87,987 were required.

2.13 Following the commencement of the CVA, the Company experienced trading difficulties in maintaining ongoing monthly contributions. Its position was worsened by the Covid 19 pandemic whereby the Company had to cease trading during lockdown periods. When trading recommenced the Company was unable to operate at its previous capacity.

2.14 The Company was unable to honour its ongoing obligations to the CVA and creditors were asked to consider a variation of the terms of the CVA. The variation was approved by creditors on 28 May 2020 and under the revised terms the Company was granted a payment break from April 2020 until August 2020 and for all breach conditions during that period to be suspended.

2.15 The Company was not in a position to resume contributions to the CVA in August 2020 and again fell into arrears. Accordingly, the Joint Supervisors issued a notice of breach to the Company on 9 December 2020 giving a period of one month to remedy the position. The Company resumed contributions in February and March 2021 however no further payments were made.

2.16 Unable to maintain voluntary contributions the Company approached LC in April 2021 to discuss its potential options. A meeting with the Company was held on 15 April 2021 where general advice was provided.

2.17 Following the meeting, the Directors attempted to explore a further variation of the CVA with a view to avoiding a formal insolvency process. Despite a draft variation being prepared, this was not issued to creditors.

- 2.18 In mid 2021, HMRC advised the Company and Joint Supervisors that a post CVA liability of approximately £103K was outstanding, although this amount was disputed by the Company due to it no longer holding Gross Payment Status from 14 August 2019. The Company was not in a position to repay the full amount due to HMRC nor maintain ongoing monthly contributions to the CVA. A further notice of breach was issued on 7 October 2021 and the Supervisors notified the Company that they would shortly be taking action to wind up the Company should the breach not be remedied within 30 days.
- 2.19 At a meeting on 25 October 2021, the Company confirmed it was not in a position to remedy the breach and therefore it was considered that the Company was insolvent in accordance with s123 of the Insolvency Act 1986 (as amended) in so far as the Company cannot pay its debts as and when they fall due.
- 2.20 It was concluded that Administration was the most suitable insolvency procedure for the Company as it would best allow the possibility of selling the business as a going concern. It was considered that a sale, without the need for ongoing trading whilst in Administration, would be preferable to allow maximum value to be realised from the Company assets, particularly the Book Debts, Scaffolding, Work in Progress, Goodwill, Vehicle and Finance Agreements and to minimise the professional costs of the Administration. Following discussions with the Directors, where the Company's position and the relevant options were discussed, the strategy to place the Company in Administration was agreed. The directors verbally instructed LC to assist in placing the Company into Administration on 25 October 2021.
- 2.21 Auctus Limited T/A Cerberus Asset Management ("CAM"), Asset Valuers supported by RICS registered professionals, were instructed to provide advice on the potential realisable value of the Tangible Assets.
- 2.22 Cerberus Receivables Management ("CRM"), debt collection specialists, were instructed to provide a valuation of the Debtors and Work in Progress and to assess the prospect of recoverability.
- 2.23 The Directors filed a Notice of Intention to Appoint Administrators ("NOI") on 10 November 2021. The NOI was served on the Company, Amicus Asset Finance Group Limited ("Amicus"), the Company's Qualifying Floating Charge holder and Martin Maloney, the Joint Supervisor. The NOI proposed to appoint Mike Dillon and Andrew Poxon of Leonard Curtis as Joint Administrators. The filing of the NOI created an interim moratorium in favour of the Company. This was considered to be in the best interest of the general body of creditors. It should be noted that following receipt of the NOI, Amicus confirmed that no sums remainder outstanding under their security and that the charge should be shown as satisfied.
- 2.24 The business was marketed for sale from 11 November 2021 to 16 November 2021. During the period of marketing, the campaign resulted in 9 expressions of interest in the business from unconnected parties and another from a connected party. 2 interested parties subsequently returned an NDA and were provided with the relevant information however no formal offers were received. However, one offer from a connected party was received. Full details with regards to the marketing of the business and assets are provided at section 3.
- 2.25 Following recommendations from agents, the offer from the connected party was subsequently accepted.
- 2.26 The proposed appointment of the Joint Administrators and completion of a pre-packaged sale was initially due to take place on 23 November 2021. This was not completed as the NOI expired prior to receipt of the required Evaluator Report. Due to the expiry of the NOI and given Amicus had advised that their charge should be satisfied, the relevant documents were filed at Companies House to satisfy the charge. The charge was subsequently satisfied on 25 November 2021.
- 2.27 As a result, the Directors could proceed to placing the company into administration immediately upon filing of the relevant appointment documentation at Court rather than being required to file a further NOI.
- 2.28 Given the delay in completion, the proposed Purchaser wished to take some time to consider the working capital requirement following the proposed transaction and wanted comfort that it would work from a cashflow position.

- 2.29 In addition, the Director of the Purchaser was on leave from Friday, 3 December 2021 until 20 December 2021 and did not wish to complete immediately prior to this as he wanted to make sure he was available to deal with any matters arising from the completed transaction. The Director of the Purchaser unfortunately fell ill on 19 December 2021 and was not in a position to progress the matter until the New Year.
- 2.30 In early January 2022, the Purchaser was in a position to proceed with the sale and the Directors provided updated financial information which allowed the valuations to be updated and a revised offer to be considered.
- 2.31 Based on the updated information the Company's position remained the same in that the CVA was no longer a viable option and that the best course of action would be to place the Company into Administration and for the Joint Administrators to conclude a pre-packaged sale of the business and assets.
- 2.32 Given that no other interested party had submitted an offer, the requirement for a further period of marketing was not considered appropriate. Notwithstanding this, whilst the deadline for offers had expired, details of the business remained on the website of Charles Taylor and CAM. During this time no further expressions of interest was received. The Purchasers revised offer was subsequently accepted.
- 2.33 Following the agreement to the relevant sales documentation, the Directors filed a Notice of Appointment at High Court of Justice Business and Property Courts - Company & Insolvency List (CHD) on 21 January 2022, appointing Mike Dillon and Andrew Poxon as Joint Administrators.
- 2.34 Mike Dillon and Andrew Poxon are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either both, acting jointly or alone.

Alternative courses of action considered by the Administrator

- 2.35 The following courses of alternative action were considered with management prior to our appointment and the pre-packaged sale:

Do Nothing

- 2.36 We advised the Directors that they could choose to do nothing and allow the CVA Supervisor to wind up the Company following expiry of the breach notice. The Directors were advised of their fiduciary duties to the Company and the implications of potentially trading whilst insolvent and the potential actions against the Directors by any subsequently appointed Administrator or Liquidator. We advised the Directors that they had an overriding duty to protect the Company's assets and to minimise the Company's liabilities to its creditors and members generally. Doing nothing would risk asset values diminishing and the creditor position being made worse. The Directors agreed that doing nothing was not an option and discounted this option.

Sale of the Shares by Management

- 2.37 Given the distressed position of the business, a sale of its shares by the shareholders could be considered. In the circumstances, this was not considered to be viable for the following reasons:
- Any prospective purchaser of the shares would have to inject significant capital into the business at the outset to satisfy the Company's post CVA indebtedness to creditors (including HMRC) as well as bring the CVA within its terms in order to avoid any enforcement action; and
 - Additional funding would be required to settle all other liabilities, including wages and salaries, to ensure the Company was not exposed to further recovery action.

- 2.38 The Company was considered to represent a high-risk investment with little prospect of receiving a return for any investment made. It was considered extremely unlikely that a share sale would complete and this process was discounted.

CVA

- 2.39 A CVA is a formal procedure which enables a company to agree with its creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs which can determine how its debts should be paid and in what proportions. The arrangement typically lasts over a period of 5 years and the entity remains the same and under the control of its director. It requires the approval of 75% or more in value of the Company's creditors voting on the resolution to approve the arrangement. If a CVA is validly approved, it binds all of the Company's creditors who were entitled to vote (whether or not they so voted) or would have been so entitled had they received notice of the decision procedure.
- 2.40 The Company was already subject to a CVA with its unsecured creditors which was approved on 1 July 2019. A variation to the terms of the CVA was approved by creditors on 28 May 2020. The Company was in arrears with its contributions and post CVA HMRC obligations. The Company was subsequently in breach of the CVA and was not in a position to remedy the breach.
- 2.41 The Company could have proposed a further variation to the existing CVA. A further variation was explored but not issued to creditors. Notwithstanding this, the proposed Administrators considered that the Company would not generate sufficient profits at a level which would allow a level of contributions that would be acceptable to creditors. In addition, given the arrears of contributions and post CVA HMRC debt, it was not considered achievable that HMRC would support a further variation. In particular given HMRC's significant vote and their guidelines to approving CVA's, which considers previous compliance.

Sale of the business and / or assets by the Administrator with or without on-going trading

- 2.42 A sale of the assets, by way of a pre-packaged sale, was considered necessary to allow the following:
- Maximise physical asset realisations- enhanced realisations for the Company's Plant & Machinery may be achieved compared to ex-situ realisations most likely achievable on a cessation of trade. A sale of the business and assets would also allow for a realisation for Work in Progress which may not have been available if the Company had to cease trading;
 - Maximise debtor realisations - enhanced realisations for the Company's Book Debts compared to realisations most likely achievable on a cessation of trade. It was considered that a pre-packaged sale would allow for business continuity and minimal disruption in trading which would result in enhanced debtor collections than if the Company had to cease trading. It was considered that cessation of trade would severely impact on collections.
 - Preservation of Goodwill - a pre-packaged sale would allow for a sale of Goodwill, which would be unlikely to be available if the Company ceased to trade. It is critical in maximising realisations from the Goodwill, that there is minimal disruption to trading. Trading the business during Administration would not guarantee an improved offer, and may, conversely devalue Goodwill;
 - Mitigation of claims from Finance / Lease Companies – the Purchaser may be able to novate some or all of the finance / lease agreements therefore mitigating unsecured claims. On cessation of trade or liquidation, the financed assets would have been required to be returned to the finance creditors, which would likely have resulted in additional unsecured claims for the remaining period under the agreements as well as collection costs; and

- Mitigation of employee claims and preservation of employment for staff – a sale would allow for the transfer of all employees to any purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”). The transfer of employment to the purchasing Company, ensures that all staff remaining in the Company’s employment at the date of Administration have full continuity of employment rights. This in turn, mitigates claims in the Administration.

Claims that would ordinarily arise on cessation of trade and/or redundancy, accrued but unpaid Holiday Pay, Pay in Lieu of Notice (“PILON”) and Redundancy Pay do not occur. In this case, 4 employees were transferred to the Purchaser, mitigating preferential claims for Accrued but unpaid Holiday Pay and additional unsecured claims for PILON and Redundancy Pay.

- 2.43 The Company had insufficient cash assets to enable the Joint Administrators to continue trading whilst they marketed the business for sale post Administration. The Directors and Shareholders also confirmed that they were not in a position to introduce further funding at this time. Without working capital, trading during administration was not possible.
- 2.44 Furthermore, the professional costs of trading the business and associated overhead costs, which would rank as an expense of the Administration, could not be justified given the size of the Company’s operation and the anticipated uplift in asset value that a going concern sale was likely to achieve. It was therefore not considered appropriate for the Joint Administrators to continue trading the business following their appointment.
- 2.45 Given the above, the proposed Joint Administrators strategy was to initially focus on achieving a pre-packaged sale of the Company’s business and assets immediately, or shortly following, the Administration. Further details on why it was not appropriate to trade the business, and offer it as a going concern, during the Administration are detailed below at 2.62.
- 2.46 Further details of the marketing strategy adopted are detailed at section 3 below and details with regards to the transaction with the Purchaser are detailed at section 5 below.
- 2.47 We are of the opinion that a pre-packaged sale of the business (“pre-pack”) was the most appropriate process to maximise realisations.
- 2.48 If a going concern sale, by way of a pre-packaged sale, could not have been achieved, then the Joint Administrators would have been required to cease trading immediately following their appointment, for the reasons stated above, and conduct an orderly wind down of the Company’s affairs.

Liquidation and subsequent forced sale of the Company’s assets

- 2.49 The Directors could have placed the Company into Creditors Voluntary Liquidation (“CVL”) or allowed the Company to be placed into Compulsory Liquidation, which would have resulted in the closure of the business and the likely redundancy of all staff.
- 2.50 The CVL process is commenced by the Directors who convenes formal decisions of shareholders and creditors, usually 10-14 days later. During this period the Company would remain under the control of the Directors until a Liquidator is appointed by way of creditor / shareholder decision.
- 2.51 Liquidation would have resulted in reduced asset realisations. Prior to the commencement of a CVL, there would be no protection for the Company. The Company may therefore be susceptible to recovery actions commenced by its creditors.
- 2.52 If the Company had ceased to trade it was anticipated that any debtor ledger would perform worse if a buyer for the business could not be found. With no on-going service to customers, disputes and set offs would be expected. Management and key staff who are key to debtor relationships may refuse to assist with collections.

- 2.53 The Goodwill and Work in Progress would hold little or no value given the cessation of trade.
- 2.54 The Chattel Assets would have been sold on a forced sale/piecemeal basis, resulting in lower realisations. In addition, the assets would need to be uplifted and stored, adding additional costs to the insolvency procedure and worsening the position for creditors compared to the proposed pre-packaged Administration.
- 2.55 A Liquidation would have resulted in the assets subject to finance / lease agreements being returned to the relevant financier. This would in turn likely result in significant shortfalls to the finance creditors under hire agreements and the crystallisation of claims after application of costs of collection and sale. In Administration, the Purchaser may have the opportunity to novate some or all of these agreements resulting in a better overall result for creditors.
- 2.56 In addition, a seamless sale of the business and/or assets out of liquidation would be challenging given the notice to be provided to creditors and the 'outside world' prior to the formal appointment of a Liquidator.
- 2.57 The employment contracts would terminate in a Compulsory Liquidation (and in practical terms, the result would be the same in a CVL), which would give rise to preferential claims in respect of unpaid wages and accrued holiday pay as well as increase in unsecured creditors' claims in respect of pay in lieu of notice and redundancy pay.
- 2.58 Any asset realisations in a Compulsory Liquidation would be subject to Secretary of the State fees and Petitioners costs further reducing the amounts available to creditors.
- 2.59 Overall, placing the Company into CVL or Compulsory Liquidation would have resulted in a worse overall position for creditors.

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

Amicus Asset Finance Group

- 2.60 The proposed Joint Administrators served Amicus with the initial NOI but understood that no sums were due in respect of their security. Amicus confirmed that their charge should be satisfied and the relevant documents were subsequently filed at Companies House.

Trade Creditors

- 2.61 It was considered that to consult with general body of creditors (including HMRC) prior to the Administration could have resulted in creditors deciding to cease providing services or taking enforcement action. This would have negatively impacted on the value achieved for the Company's assets.

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

- 2.62 Trading in Administration was not considered viable for the following reasons:
- There was limited Working Capital available to fund ongoing trading. The costs of continued trading in the Administration would have been prohibitive given the requirement to resource, insure and monitor the business during this period. In addition, there would be significant professional costs included in ongoing trade;
 - Trading the business would not have guaranteed an improved offer for the assets and may, conversely, have devalued the Company's Goodwill;

- There is no certainty of an alternative credible buyer being found given the marketing of the business had already been undertaken; and
- The Joint Administrators did not consider that trading the Company would result in an increase in realisations sufficient enough to outweigh the costs associated with trading and the anticipated losses likely to be incurred.

2.63 It was considered that to trade whilst in Administration would require funding, and any losses incurred in Administration could worsen the position for all stakeholders.

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

- 2.64 Requests to commercial funders to fund working capital requirements were not considered a viable option. Given this financial position of the Company and the CVA being in breach, it was not possible to take on further debt which may not have been able to be repaid.
- 2.65 The Company's management were not in a position to introduce funds into the Company personally to provide additional working capital in its current form.

Details of registered charges and dates of creation

- 2.66 Following the satisfaction of the charge in favour of Amicus on 25 November 2021, there are no registered charges against the Company.

Details of any acquisition of business assets from an insolvency practitioner

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

3 MARKETING OF THE BUSINESS AND ASSETS

- 3.1 The Company confirmed that no formal marketing activities had been conducted by the Company prior to the proposed Joint Administrators' involvement.
- 3.2 A marketing campaign was commenced by the proposed Joint Administrators on 11 November 2021. The marketing campaign aimed to broadcast the opportunity to acquire the business and its trading assets to the open market. It was considered that to expose the opportunity to the open market would determine the best achievable price of the assets.
- 3.3 The key features of the marketing campaign are detailed below:

Broadcasting the Opportunity on the Internet

- 3.4 An advertisement was placed on four websites:

1. www.leonardcurtis.co.uk - the website of the proposed Joint Administrators.
2. www.charlestaylor.co.uk - the website of Charles Taylor Auctioneers ("CT"), a trading style of CAM, an independent auctioneer and valuation agent.
3. www.cerberusam.com – the website of CAM.
4. www.ip-bid.com – a third party insolvency marketplace site.

- 3.5 The advertisement went live on 11 November 2021 across all four websites and included details of the nature of the business, location, staffing levels, turnover, assets available for sale and a closing date for offers of 12.00 noon on 16 November 2021.
- 3.6 The length of marketing was determined by the following factors:
- Risk of imminent enforcement action;
 - Alternative funding was not available to the business; and
 - Lack of likely alternative offers and interest.
- 3.7 The period over which the business was marketed for sale was proportionate to the Company's financial position having due regard to the interests of creditors. We confirm that we are satisfied with the adequacy and independence of marketing undertaken.

Rationale for Marketing Strategy

- 3.8 When determining the strategy for marketing the business and assets of the Company for sale the following was considered:
- CAM has sector specific knowledge and experience in managing similar asset sales and is supported by a team of individuals certified by, and registered, with RICS.
 - CAM has a nationwide presence and a significant and longstanding history of assisting insolvency practitioners with business and asset sales.
 - CT is a local auctioneer and valuation agent with a history of carrying out both asset only sales and business and asset sales in conjunction with both company directors and insolvency practitioners.
 - IP-BID is a web-based insolvency marketplace that specialises in matching potential buyers and funders to suitable business opportunities. Advertising on this platform was considered appropriate as it would provide a great level of exposure to applicable parties nationwide.
 - LC is a leading national business solutions practice which has an established history of providing business acquisition opportunities to the open market.
 - CAM, CT, LC and IP- Bid frequently market business and asset sales through their websites.
- 3.9 By advertising the business and assets in the manner set out above, the proposed Joint Administrators anticipated the greatest level of exposure to potential interested parties without incurring costs that would be disproportionate to the estimated value of assets involved.

Outcome of Marketing

- 3.10 As a result of the marketing campaign, a total of 9 expressions of interest were received from unconnected parties. Non-Disclosure agreements ("NDA") were sent to the 9 parties however only 2 were returned.
- 3.11 Following receipt of an NDA and proof of funding, an information pack was provided which contained Company information such as trading results and details of assets and liabilities.
- 3.12 Following the deadline for offers an offer totalling £30,000 for the business and assets was received from the Purchaser on 17 November 2021.

- 3.13 The Purchaser offer totalled £30,000 and was based on 50 and 25 pence in the pound in respect of the Company's Book Debts and Work in Progress respectively and the remainder of the sales consideration being in respect of Scaffolding, Goodwill, Vehicles and Finance Agreements. The offer received is summarised below:

Category of Asset	£
Book Debts	15,820.50
Work in Progress	8,736.25
Scaffolding	3,192.25
Goodwill	1.00
Vehicle	1,250.00
Finance Agreements	1,000.00
Total	30,000.00

- 3.14 The Purchasers offer totalling £30,000 for the purchase of the business and assets on a going concern basis was reviewed by CAM and CRM who subsequently provided recommendation of acceptance. The original target date for completion was 23 November 2021.
- 3.15 The proposed Administrators therefore progressed the offer with a view to completion immediately following the appointment and negotiations commenced on 16 November 2021 following expiration of the deadline for offers. Further details with regards to the sale of the business and assets are detailed at section 4 and 5 below.
- 3.16 As noted in paragraphs 2.26 to 2.30 the Purchaser was unable to proceed as anticipated following the expiry of the NOI prior to obtaining the required Evaluator Report. In January 2022, the Purchaser was in a position to proceed on the same basis, however due to changes in the level of Book Debts and Work in Progress the revised offer received from the Purchaser was (based on 50 and 25 pence in the pound in respect of the Company's Book Debts and Work in Progress) as follows:

Category of Asset	£
Book Debts	29,102.50
Work in Progress	7,625.00
Scaffolding	3,192.25
Goodwill	1.00
Vehicle	1,250.00
Finance Agreements	1,000.00
Total	42,170.75

- 3.17 Given that no other interested party had submitted an offer in the marketing period, the proposed Administrators did not consider that a further period of marketing would result in an increased offer and would just serve to increase costs. Notwithstanding the above, whilst the deadline for offers had expired, details of the business remained on the website of LC, Charles Taylor and Cerberus. During this time no further expressions of interest was received. It was determined that the best course of action was to progress the sale of the business without undertaking a further period of marketing.
- 3.18 We confirm that, in our opinion, we consider that the marketing undertaken conformed with the marketing essentials set out in the Appendix to SIP16.
- 3.19 The marketing strategy adopted ensured the greatest level of exposure to potential interested parties whilst maintaining costs at a level consistent with the estimated realisable value of the assets on offer. This strategy also ensured that the identity of the Company remained confidential pending a sale to preserve any potential value held in the business and / or assets, and specifically Goodwill.

4 VALUATION OF THE BUSINESS AND ASSETS

Details of valuers/advisors

CAM

- 4.1 CAM, Asset Valuers supported by RICS registered professionals, were initially instructed on 15 April 2021 to prepare an indicative valuation report in respect of the Company's physical assets in order to assist the Company in assessing the available options in light of the breach of the terms of the CVA. CAM were subsequently instructed to revise their valuations on 19 November 2021, following receipt of the initial offer from the Purchaser.
- 4.2 In view of delay with the sale proceedings CAM were instructed to provide a further updated valuation report on 17 January 2022.
- 4.3 CAM have confirmed their independence to act and have confirmed that they hold the requisite level of professional indemnity insurance. In addition CAM has advised that they have the appropriate level of experience, skill and competence to conduct the valuation of the above assets.

CRM

- 4.4 CRM, experienced debt collection agents, were initially instructed on 15 April 2022 to prepare an indicative valuation report in respect of the Company's Debtors and Work in Progress in order to assist the Company in assessing the available options in respect of the breach of the terms of the CVA. CRM were subsequently instructed to revise their valuations on 19 October 2021, following the verbal instruction of the Directors to proceed to an Administration process, and again on 19 November 2021 following receipt of the initial offer received from the Purchaser. CRM were again instructed to revise their valuation on 14 January 2022 following receipt of the revised offer received from the Purchaser.
- 4.5 CRM has confirmed their independence to act and have confirmed they hold the requisite level of professional indemnity insurance. In addition, CRM has advised that they have the appropriate level of experience, skill and competence to conduct the valuation of the assets.

4.46 The valuations obtained of the business or the underlying assets

Category of asset	Note	Book value £	High value £	Low value £	Value achieved £
Book Debts	A	58,205	33,000	16,000	29,103
Work In Progress	B	30,500	8,000	7,000	7,625
Plant and Machinery (encumbered and unencumbered)	C	88,313	Nil	Nil	4,192
Goodwill	E	Nil	Nil	Nil	1
Vehicle	D	29,147	1,250	1,250	1,250
TOTAL		206,165	42,250	24,250	42,171

Book Value

- 4.7 The book values for Plant & Machinery (made up of both encumbered and unencumbered scaffolding) (£88,313) and Vehicles (£29,147) have been taken from the Company's management accounts as at 17 January 2022.

- 4.8 The book values of Book Debts (£58,205) and Work in Progress ("WIP") (£30,500) have been taken from information provided by management as at the date of appointment. The value of the WIP is the net sale price once completed and does not make provision for costs and expenses to complete.
- 4.9 The Company's latest set of statutory accounts or management accounts do not attribute any value to Goodwill.

High Value

- 4.10 The basis of the high value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently without compulsion.
- 4.11 The high value for Book Debts (£33,000) and WIP (£8,000) is based on an assessment conducted by CRM. These figures are reflective of a sale of business and assets scenario, subject to insolvency proceedings with continuity of trade, continuation of contracts and retaining key members of staff.

Low Value

- 4.12 The basis and rationale of the low value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, with the added assumption that the Physical Assets are valued for removal from the premises at the expense of the purchaser with no reasonable marketing period. The low value is typically reflective of a cessation of trade.
- 4.13 The low values for Book Debts (£16,000) and Work In Progress (£7,000) are based on an assessment conducted by CRM. The figure is reflective of cessation of trade following an insolvency event, without trading continuity, without retention of key staff and contracts being terminated.
- 4.14 Agents advised that a sale of the business as a going concern would in the circumstances of this case result in the best possible outcome for the Company's creditors and therefore provided the "High" value noted above on that basis. The "Low" value was provided as what the Joint Administrators could expect to achieve if a sale of the business was not possible and the assets had to be sold on a piecemeal basis with no continuity.

An explanation of the sale of the assets compared to those valuations

A Book Debts

- 4.15 The Company held Book Debts with a sum total of £58,205. These related to 7 contracts.
- 4.16 CRM conducted an assessment of the sales ledger and indicated that it would hold a value between £16,000 and £33,000. The range in outcome takes into consideration takes into account continuity, support in relation to the collection of book debts and anticipated contractual clauses within contracts.
- 4.17 The Purchaser's offer included £29,102.50 for the book debts, being 50 pence in the pound of the book value, which was in line with the assessment conducted by CRM. This offer was subsequently recommended for acceptance by CRM.

B Work in Progress

- 4.18 The Company held Work in Progress totalling £30,500.

- 4.19 CRM conducted an assessment and indicated that there were risks that the contracts would be terminated upon the Company entering into a further insolvency process, CRM therefore indicated that it would hold a value between £7,000 and £8,000.
- 4.19 The Purchaser's offer included £7,625 for the work in progress, being 25 pence in the pound, which was in line with the assessment conducted by CRM. This offer was subsequently recommended for acceptance by CRM.

C Plant and Machinery

- 4.20 CAM conducted a review of the Company's Plant & Machinery which consisted of scaffolding equipment both encumbered and unencumbered.
- 4.21 The Company advised that the Company purchased £1.5m of scaffolding and associated equipment in 2015 through a range of funders. The scaffolding is held over a number of live sites.
- 4.22 The Company was unable to provide schedules of Plant and Machinery on each site. The scaffolding volume will, no doubt, have diminished from purchase to date by way of either being stolen, lost, cut down or abandoned. CAM advised that it was impossible, without visiting all live sites, to confirm the volume of scaffold held.
- 4.23 The book value of the Plant and Machinery at 17 January 2022 totalled £88,000 and based on depreciation it is not considered that there will be any equity. This figure assumes that the amount of scaffold is the same, which it is undoubtedly not. It should be noted that the outstanding sums due to funders in respect of the Plant and Machinery as at the date of the administration was £83,000.
- 4.24 With the costs of removal, storage and dealing with 6 finance companies to identify their equipment, any potential value including equity in financed Plant and Machinery, would be quickly eroded. In particular, given the volumes are now much less than at the time of purchase in 2015.
- 4.25 The Plant and Machinery would likely only hold any value in-situ, but connected to the existing contract and assuming the funders and buyer would be willing to novate the finance agreements (and which are subject to personal guarantees).
- 4.26 The Purchaser's offer included £3,192.25 in respect of unencumbered Scaffolding and £1,000 in respect of Equity in Finance Agreements. In light of the comments above this offer was subsequently recommended for acceptance by CAM.

D Vehicles

- 4.27 The Company held one unencumbered vehicle and two vehicles subject to lease agreements. The unencumbered vehicle was a commercial van.
- 4.28 The Purchaser's offer included £1,250 in respect of the unencumbered vehicle. CAM assessed the value of the vehicle through the industry standard vehicle value service CAP guide and agreed that the offer was in line with industry standards. This offer was subsequently recommended for acceptance by CAM. It should be noted that the two vehicles subject to lease agreements were excluded from the sale.

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

E Goodwill

- 4.29 The Goodwill includes Business Name, Business Rights, Customer Contracts, Transferred Records and Intellectual Property.

- 4.30 A formal valuation was not obtained for the seller's Goodwill. The Company's latest set of statutory accounts and management accounts do not attribute any value to the Goodwill.
- 4.31 The Goodwill would have no value in a cessation of trade scenario as any value would be contingent on preserving the continuity of the business.
- 4.32 The value achieved for Goodwill, in the sum of £1, was after a period of marketing, where no formal offers were received from any other party, other than the Purchaser. The value has been determined on an open market sale.
- 4.33 Should a sale have not been completed to the Purchaser, then we do not anticipate that any value would have been received in respect of this asset.

5 THE TRANSACTION

- 5.1 A sale of the Company's business and assets was completed on 21 January 2022 to Holcombe Homes Ltd (CRN: 10012466) ("the Purchaser").
- 5.2 The Purchaser is connected to the Company pursuant to Sections 249 and 435 of the Insolvency Act 1986 by virtue of the fact that the sole Director and Shareholder of the Purchaser, Zackary Thomas Clarkson is a Director and Shareholder of the Company.
- 5.3 The Purchaser's initial offer received for £30,000 was partly apportioned by the Purchaser. The Purchaser confirmed the basis of the offer in respect of Debtors and WIP was 50 and 25 pence in the pound respectively, with the remainder for the remaining assets. The balance was apportioned following agents advice. These apportionments formed the basis for the revised and final offer received from the Purchaser.
- 5.4 The final offer received was for £42,170.75 and was apportioned as follows:

Category of Asset	£
Book Debts	29,102.50
Work in Progress	7,625.00
Scaffolding	3,192.25
Goodwill	1.00
Vehicle	1,250.00
Equity in Finance Agreements	1,000.00
Total	<u>42,170.75</u>

- 5.5 The total sales consideration in the sum of £42,170.75 is payable as follows:

Date	£
On Completion	8,434.15
On or before 21 February 2022	8,434.15
On or before 21 March 2022	8,434.15
On or before 21 April 2022	8,434.15
On or before 21 May 2022	8,434.15
	<u>42,170.75</u>

- 5.6 The payment due on completion in the sum of £8,434.15 has been received by the Joint Administrators.
- 5.7 There are no other terms or conditions of the contract that could materially affect the asset consideration.

- 5.8 The sale is not part of a wider transaction and there are no buy-back arrangements or similar conditions attached to the contract of sale. It should be noted that any category of asset not detailed above is specifically excluded, including the inter-company debtors and cash at bank.
- 5.9 The Joint Administrators have obtained a Personal Guarantee from Zackary Clarkson in respect of the deferred consideration outstanding in the sum of £33,736.60. As part of the Sale and Purchase Agreement, the Purchaser has granted a Fixed and Floating Charge Debenture as security over its assets in respect of the outstanding deferred consideration.
- 5.10 We understand that the Director, Zackary Clarkson, previously provided a personal guarantee in respect of lease finance agreements in order to fund ongoing trade of the Company. The following finance agreements and amounts remain outstanding and have been personally guaranteed by Zackary Clarkson on a sole basis or jointly with Claire Clarkson:

Finance Provider	Guarantor Basis	Amount Outstanding £
1PM Finance	Joint	20,609.26
Armada Asset Finance	Joint	4,132.08
Funding Circle	Sole	5,997.88
Kingsley Asset Finance	Sole	3,847.78
Lloyds Asset Finance	Joint	31,653.31
Shawbrook Bank	Joint	17,253.90
Total		83,474.21

- 5.11 We understand that the Purchaser is making arrangements for the finance arrangements to be novated and it is anticipated that the financiers will therefore provide finance to the Purchaser.
- 5.12 The Company employed 4 members of staff who have been transferred who have been transferred under TUPE regulations to the Purchaser.
- 5.13 As detailed above Zackary Clarkson is a Director and Shareholder of the Purchaser. We understand that Claire Clarkson will not be involved in the management, financing or ownership of the Purchaser.

Evaluation Report

- 5.14 Where the sale is to a connected party, as is the case here, the Administrators cannot complete the sale unless the connected party Purchaser contains a qualifying report from an evaluator ("Evaluation Report") or the Company's creditors approve the sale.
- 5.15 The Purchaser obtained an Evaluation Report on 23 November 2021 in respect of their original offer. Due to the delays noted above in respect of placing the Company into Administration following the revised offer being received from the Purchaser, a further application was made to the pre-pack pool. The Evaluator has confirmed within their updated report dated 19 January 2022 that they are satisfied that the sales consideration to be provided and the grounds for the sale are reasonable in the circumstances. Copies of the Evaluation Reports are attached at Appendix C and D respectively.

Viability Statement

- 5.16 The Purchaser has not prepared a viability statement stating how the purchasing entity will survive for at least 12 months from the date of the proposed purchase.

6 STATUTORY PURPOSE OF ADMINISTRATION

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

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

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

6.3 In this instance it is not considered that objective (a) will be achieved given the level of debts of the Company.

6.4 It is not considered that objective (b) will be achievable as it is not anticipated there will be sufficient realisations to enable a distribution to unsecured creditors. It is considered that objective (c) will be achieved as it is anticipated that a dividend will be declared to Preferential or Secondary Preferential Creditors.

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

LEONARD CURTIS PRIVACY NOTICE FOR CREDITORS

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, 5th Floor, Grove House, 248A Marylebone Road, London NW1 6BB Alternatively our Privacy Manager can be contacted by telephone on 0207 535 7000 or by email: privacy@leonardcurtis.co.uk.

Data Controller: LEONARD CURTIS

EVALUATOR'S REPORT DATED 23 NOVEMBER 2021

**Pre Pack Pool Ltd**

20 Court Road, Eltham, London SE9 5NW

Tel: 07713 680672 Fax: 0208294 0625

E-Mail: governance@prepackpool.co.uk

Evaluators Report on proposed pre-packaged sale involving Hulk Scaffolding Ltd and Zackary Clarkson Holcombe Homes Ltd, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of Hulk Scaffolding Ltd are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Holcombe Homes Lts.
2. The Applicant is a connected party to Hulk Scaffolding Ltd as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of Hulk Scaffolding Ltd.
3. The relevant property subject to the substantial disposal is stated to be:

The business and assets of Hulk Scaffolding Ltd., specifically encumbered fixed assets (scaffolding) where equity is estimated at £1k, unencumbered fixed assets (scaffolding) values at £3.2k, trade debtors £31.6k, WIP £34.9k, second hand vehicle £1.3k, and goodwill. There is also a forward order book with a gross value of £2.1m, but where contractual uncertainty will arise in an insolvency.

4. The consideration for this substantial disposal is stated to be:

£30k allocated as: equity in encumbered fixed assets £1k, unencumbered fixed assets £3.2k, trade debtors £15.8k, WIP £8.7k, second hand vehicle £1.3k, and goodwill £1. Newco will also assume the liabilities for finance obligations on the encumbered assets (scaffolding and motor vehicle) Indebtedness from connected companies is excluded from the sale; the proposed administrator intends to pursue these debts. The consideration is scheduled as £6k on completion, followed by 4 monthly payments of £6k. The deferred consideration is to be subject to a personal guarantee from the applicant and a debenture from Holcombe Homes Ltd.

5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

Qualifications of Evaluator.

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at www.prepackpool.co.uk
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to Hulk Scaffolding Ltd or Holcombe Homes Lts and no relationship, bias or ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.
3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

Professional Indemnity Insurance.

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: Markel International Insurance Company Ltd, 20 Fenchurch Street, London EC3M 3AZ.

Insured: Pre Pack Pool Ltd.

Policy number: CC1088A21RAA

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: GDPR Exclusion, Cyber Exclusion, COVID-19 Exclusion

Previous Evaluation Reports.

The Applicant has stated that no previous Evaluation Reports have been obtained in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

Evaluator's Opinion.

In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

1. Hulk Scaffolding Ltd entered a CVA in 2019. It failed to keep up contributions after the onset of the pandemic in March 2020 (apart from 2 payments in early 2021). A breach notice was issued by the CVA supervisor on 7 October 2021. 2. Options were then considered including (a) injecting further working capital (b) doing nothing (c) sale of the shares (d) extending/varying the CVA (e) Creditors Voluntary Liquidation (f) administration and sale of the business. 3. The directors' view was that administration and sale of the business would realise the greatest benefit for creditors and employees. The option to inject further working capital and the option to extend/vary the CVA were discontinued due to uncertainty around the set-off of taxes due to and from HMRC. 4. Valuations of fixed assets and current assets were obtained and a Marketing exercise carried out over a 10 day period. Marketing was also extended to accommodate late interest. No offers were received other than from the connected party.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

1. Information supplied by the applicant; in particular as to the financial condition of the company in the absence of adequate accounting records. I strongly recommend that the new business keeps better accounting records, particularly of assets and cashflow. 2. A file note from the proposed administrator dated 29 October 2021; 3. Valuation correspondence from Cerberus Asset Management Ltd and Cerberus Receivables Management Ltd; 4. Offer correspondence between the applicant and the proposed administrator; 5. A file note by the proposed administrator describing the marketing process. 6. I have also corresponded with the proposed administrator.

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Holcombe Homes Ltd is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

Evaluator.

Philip Oatley For and on behalf of Pre Pack Pool Ltd.

Date 23-11-2021



Pre Pack Pool Ltd
 20 Court Road, Eltham, London SE9 5NW
 Tel: 07713 680672 Fax: 0208294 0625
 E-Mail: governance@prepackpool.co.uk

Evaluators Report on proposed pre-packaged sale involving Hulk Scaffolding Ltd and Zackary Clarkson Brickwork 365 Ltd, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of Hulk Scaffolding Ltd are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Holcombe Homes Ltd.
2. The Applicant is a connected party to Hulk Scaffolding Ltd as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of Hulk Scaffolding Ltd.
3. The relevant property subject to the substantial disposal is stated to be:

 Scaffold equipment on site at 8+ locations 3 vehicles (2 subject to finance) net value £1250 Book debts c£58k Work in Progress c£38k No fixtures & fittings or IT equipment NB The inter-company debtors will be excluded from the sale and the proposed Administrators will take steps to realise the inter-company debtors following the administration appointment of Leonard Curtis
4. The consideration for this substantial disposal is stated to be:

 Debtors £29,102.50 WIP £7,625.00 Goodwill £1.00 Vehicle £1,250.00 Equity in encumbered scaffolding £1,000.00 Scaffolding £3,192.25 TOTAL £42,170.75 The consideration is to be paid £8,434.15 on completion, followed by 4 monthly payments of £8,434.15. The deferred consideration will be secured by way of a Debenture over Holcombe Homes Ltd and a personal guarantee from the Director.
5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

Qualifications of Evaluator.

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at www.prepackpool.co.uk
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to Hulk Scaffolding Ltd or Holcombe Homes Ltd and no relationship, bias or ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.
3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

Professional Indemnity Insurance.

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this

Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: Markel International Insurance Company Ltd, 20 Fenchurch Street, London EC3M 3AZ.

Insured: Pre Pack Pool Ltd.

Policy number: CC1088A21RAA

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: GDPR Exclusion, Cyber Exclusion, COVID-19 Exclusion

Previous Evaluation Reports.

The Applicant has stated that a previous evaluation report has been obtained in relation to this substantial disposal. Where a copy of this previous report has been supplied to me, details are as follows:

Zackary Clarkson made an application to the pre-pack pool with regards to the proposed transaction detailed above and an Evaluator report, prepared by Philip Oatley, received on 23 November 2021 was subsequently received to confirm that the Evaluator was satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal were reasonable in the circumstances. A further application has been made now due to the elapsed period of time and with the revised higher offer proportionate to the increase in current assets over this period.

Evaluator's Opinion.

In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

Prepack Administration is not an unreasonable proposal in the circumstances and potentially achieves a better outcome for the creditors and some other stakeholders Independent agents recommend this offer for acceptance. Marketing process undertaken in November 2021 which generated expressions of interest and follow up and the offer made by the applicant was the best. Mike Dillon of Leonard Curtis has confirmed no further offers or expressions of interest have subsequently been submitted in the interim period. It should be noted that the Company entered into a Company Voluntary Arrangement with its creditors on 1 July 2019 and that payments have not been maintained and a breach notice issued 7 October 2021 . The Company has been unable to obtain an extension and does not have funds to remedy. Assurances from Mike Dillon of Leonard Curtis that it has been confirmed to him that the CVA will be terminated at or around the transaction date. Administrator will instruct independent agents to attempt recovery of inter-company debts (common shareholder/director) post administration Preservation of 4 employee's jobs. That an external accountant has been appointed to setup financial control and regular management information and reporting systems and will be retained post sale to rectify any historical control weaknesses. There is a substantial order book of c£2.1m (before substantial cost of sales) however it is triggers termination rights on insolvency and has hence has been independently valued at nil. Cerberus Asset Management have advised that with regards to the scaffolding the equipment has a value but only in situ, along with the contract it relates to, assuming the funders would be willing to novate the balance of the finance agreements to any new co. The impact of the Pandemic has catastrophically reduced revenues of the Company and post pandemic they should reasonably be in a stronger position to trade profitably

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

Independent Valuation of tangible assets by Cerberus Asset Management 23rd Nov 21 and updated note 17th Jan 22. Independent Valuation of Debts by Cerberus Receivables Management Strategy report and notes on marketing report from Leonard Curtis proposed administrators E mails to Mike Dillon and Rochelle Schofield of Leonard Curtis and a telephone conversation with Mike Dillon 19th Jan 22. Applicant notes to support application

Limited financial management information as of Nov 21 and updated balance sheet 17th Jan 22

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Brickwork 365 Ltd is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

Evaluator.

David Newman For and on behalf of Pre Pack Pool Ltd.

Date 19-01-2022

Pre Pack Pool Ltd Registered in England No: 9471155 VAT Registration No. 217 5236 20 Registered Office: 3 Greystones Road, Bearsted, Maidstone, Kent ME15 8P021