

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 05745437
Company name in full Graham Jones Cranes Limited

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

2 Administrator's name

Full forename(s) Kelly
Surname Burton

3 Administrator's address

Building name/number The Manor House
Street 260 Ecclesall Road South
Post town Sheffield
County/Region
Postcode S11 9PS
Country

4 Administrator's name

Full forename(s) Robert Neil
Surname Dymond

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

5 Administrator's address

Building name/number The Manor House
Street 260 Ecclesall Road South
Post town Sheffield
County/Region
Postcode S11 9PS
Country

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

AM03

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Statement of proposals

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I attach a copy of the statement of proposals

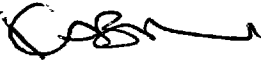
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Sign and date

Administrator's
Signature

Signature

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Signature date

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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 **Oliver Thompson**

Company name **Wilson Field Limited**

Address **The Manor House**
260 Ecclesall Road South

Post town **Sheffield**

County/Region

Postcode **S 1 1 9 P S**

Country

DX

Telephone **01142356780**



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- ☐ 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.



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Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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Administrators' report and statement of proposals pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 (“the Proposals”)

Graham Jones Cranes Limited (“the Company”)

- In Administration

CONTENTS

- 1** Introduction and background
- 2** Administration strategy and objective
- 3** Administrators' receipts and payments
- 4** Financial position
- 5** Proposals
- 6** Exit routes
- 7** Pre-Administration costs
- 8** Administrators' remuneration
- 9** Estimated outcome
- 10** Proposals approval and next report

APPENDICES

- A** Statutory information
- B** Receipts and payments account ("R&P") for the period from 11 April 2022 to 22 April 2022 ("the Period")
- C** Administrators' summary of the estimated financial position of the Company as at 11 April 2022
- D** Time analysis for the period following the Administrators' engagement for Administration proceedings on 23 February 2022 up to the date of their appointment on 11 April 2022 ("the pre-Administration Period")
- E** Time analysis for the Period
- F** Additional information in relation to the Administrators' fees including their fee and expenses estimate and details of Wilson Field Limited's ("Wilson Field") charge out rate and disbursement policy
- G** Disclosure to creditors on the pre-packaged sales of the Company's business and assets in accordance with Statement of Insolvency Practice 16 ("SIP 16 Report")
- H** Qualifying Report from an Independent Evaluator
- I** Viability report from the connected party purchasers

1 Introduction and background

- 1.1 Kelly Burton and Robert Neil Dymond of Wilson Field, The Manor House, 260 Ecclesall Road South, Sheffield, S11 9PS ("the Manor House") were appointed Administrators of the Company by Regency Factors Limited ("Regency") on 11 April 2022. The appointment was made under the provisions of Paragraph 14 of Schedule B1 to the Insolvency Act 1986 ("the Act"), in Regency's capacity as the Company's Qualifying Floating Charge Holder ("QFCH").
- 1.2 Kelly Burton and Robert Neil Dymond are licensed to act as Insolvency Practitioners ("IPs") in the United Kingdom ("UK") by the Institute of Chartered Accountants in England and Wales ("ICAEW").
- 1.3 Details of the background information regarding the Company, events leading to the engagement of the Administrators for Administration proceedings, the Administrators' initial introduction and their pre-appointment involvement are all included in section 3 of the SIP 16 Report at Appendix G of the Proposals and are not restated here, to avoid repetition.
- 1.4 The Administrators are authorised to act jointly and severally in the Administration. Similarly, under Paragraph 100(2) of Schedule B1 to the Act, any and all functions of the appointed Administrators can be exercised by either or both of the appointed Administrators jointly or alone.
- 1.5 This firm's Privacy Notice about the way that we will use and store personal data can be found at <https://www.wilsonfield.co.uk/not-so-small-print/>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.6 This report incorporates the Proposals made under Paragraph 49 of Schedule B1 to the Act. In accordance with Rule 1.42(3)(b) of The Insolvency (England and Wales) Rules 2016 ("the Rules"), the Proposals will be treated as delivered to creditors on 28 April 2022, this being the fourth business day after the letter to creditors with the initial notice of the Administrators' appointment and an invitation to view and download the Proposals from the Wilson Field Document Download Centre ("WFDDC") on the Wilson Field website was sent to creditors, via second class post.
- 1.7 Creditors should note that no moratorium under Part A1 of the Insolvency Act 1986 ("the Act") has been in force in respect of the Company at any time within the period of 2 years ending with the day on which the Company entered Administration.
- 1.8 This firm's Privacy Notice about the way that we will use and store personal data can be found at <https://www.wilsonfield.co.uk/not-so-small-print/>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.9 For the purposes of the Proposals and its appendices, Kelly Burton and Robert Neil Dymond are referred to as the Administrators, regardless as whether they were acting as proposed Administrators prior to their appointment or as Administrators following it.
- 1.10 As licensed IPs, the Administrators are bound by the Insolvency Code of Ethics 2020 ("the Code") issued by ICAEW when undertaking insolvency assignments. The Code establishes the fundamental principles of professional ethics for IPs and provides a framework for IPs to identify threats to compliance with the fundamental principles of the Code, evaluate the significance of any threats identified and apply safeguards, where available and capable of being applied, to reduce any threats to a level at which the IP considers he or she can comply with the fundamental principles of the Code.
- 1.11 The five fundamental principles of the Code are set out below:-
 - **Integrity** – To be straightforward and honest in all professional and business relationships.

- **Objectivity** – not to compromise professional or business judgments because of bias, conflict of interest or undue influence of others.
- **Professional Competence and Due Care – To:**
 - i. Attain and maintain professional knowledge and skill at the level required to ensure that a client or employing organisation receives competent professional service, based on current technical and professional standards and relevant legislation; and
 - ii. Act diligently and in accordance with applicable technical and professional standards.
- **Confidentiality** – To respect the confidentiality of information acquired as a result of professional and business relationships.
- **Professional Behaviour** – To comply with relevant laws and regulations and avoid any conduct that the IP knows or should know might discredit the profession

- 1.12 Prior to accepting appointment, the Administrators undertook a full-scale conflict and ethical assessment to assess any threats to the five fundamental principles of the Code, any significant prior professional relationships with the Company and its director and any factors which may prejudice the Administrators' objectivity to act as Administrators of the Company. This assessment did not identify any unmanageable conflicts of interest or significant threats to the fundamental principles of the Code. Further details of the Administrators' various conflict and ethical considerations in this case are contained in the SIP 16 Report at Appendix G of the Proposals.

Type of proceedings

- 1.13 From 1 January 2021, the automatic recognition of UK insolvency law in foreign jurisdictions under the EU Regulation on Insolvency Proceedings 2015 ("the Regulation") was disapplied, as a consequence of the UK leaving the EU following Brexit. The disapplication of the Regulation means that in any new insolvency proceedings opened in the UK from 1 January 2021 onwards, automatic recognition and the other benefits which were prevalent under the Regulations are no longer available.
- 1.14 Following 1 January 2021, it is necessary for an IP to determine and report to creditors if the proceedings flowing from the insolvency will be the Centre of Main Interests ("COMI") proceedings, establishment proceedings or proceedings to which the Regulations, as they have effect in the law of the UK, do not apply.
- 1.15 In this instance, the proceedings flowing from the Administration appointment will be COMI proceedings, on the basis that the Company is domiciled in the UK and its COMI is objectively and ascertainably in the UK.

2 Administration strategy and objective

- 2.1 The Administrators must perform their functions with the purpose of achieving one of the following objectives:
- *Rescuing the Company as a going concern; or*
 - *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*
 - *Realising property in order to make a distribution to one or more secured or preferential creditors.*

- 2.2 Here, the Company cannot be rescued as a going concern due to the extent of its insolvency and therefore the first objective of Administration cannot be achieved. In practice, the first objective of Administration is typically achieved by proposing a Company Voluntary Arrangement ("CVA") as an exit route from Administration, allowing the same legal entity which entered Administration to exit Administration via CVA. The SIP 16 Report at Appendix G of the Proposals explains why a CVA was not an appropriate option for the Company and these factors, amongst other things, makes any proposal for a CVA as a means to exit Administration unviable.
- 2.3 The Administrators have prepared an estimated outcome and comparison statement ("EOS") which demonstrates that realisations of the Company's assets will be insufficient to enable a dividend to unsecured creditors, due principally to the outstanding expenses of the Administration and the overwhelming indebtedness to the Company's secondary preferential creditor, HM Revenue & Customs ("HMRC"). Accordingly, the Administrators hereby give notice in accordance with Paragraph 52(1)(b) of Schedule B1 to the Act that the Company has insufficient property to enable a distribution to be made to unsecured creditors, other than by virtue of Section 176A(2)(a) of the Act and the Prescribed Part. However, creditors should also note that the Company's net floating charge property is considerably below the prescribed minimum of £10,000 and therefore the Prescribed Part provisions will not apply and there will be no distribution to unsecured creditors from this source, either.
- 2.4 Based on current information and the EOS prepared by the Administrators, the statutory purpose of this Administration will be to achieve purpose three, that is realising property in order to make a distribution to one or more secured or preferential creditors. In practice, this purpose will be achieved by the Administrators making a partial distribution to the Company's secondary preferential creditor, HMRC. In addition, the Administration and the pre-packaged sales will permit full payment of the indebtedness to the Company's QFCH and secured creditor, Regency, via the collection of the factored debtor ledger, realisations of which will be maximised by the continuity of service to customers permitted by the pre-packaged sale.

Pre-packaged sales

- 2.5 A *substantial disposal* of the Company's business and assets to connected parties has taken place in the Administration, as pre-packaged sales of the Company's business and assets were completed to connected purchasers G Jones Holdings Limited ("Holdings") and Graham Jones Contract Lifting Limited ("Lifting") on 11 April 2022. The SIP 16 Report at Appendix G contains full information with regard to the sales and should be read in conjunction with the remainder of the Proposals. Further details about this disposal can be found below.

Sales to a connected person

- 2.6 Regulations were made by the UK government in 2021, namely *The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021* ("the Regulations") with the aim of improving transparency and increasing confidence in sales to connected parties in Administrations.
- 2.7 The result of this is that an Administrators are prohibited from entering into an agreement (which may include a series of transactions) for the disposal, hiring out or sale of all or a substantial part of a company's business or assets with a connected person, within the first 8 weeks of an Administration, unless either prior creditor approval is obtained, or the proposed purchaser obtains a *qualifying report* from an independent Evaluator. Such a disposal is known as a *substantial disposal* in the context of the Regulations, and it is the Administrators' responsibility to decide whether the Regulations apply to the proposed transaction and whether the purchaser is a connected person or not.

Qualifying report

- 2.8 The nature of the transaction meant that it was necessary to complete the transaction upon or shortly after my appointment and therefore, in accordance with government guidelines, the purchaser obtained the *qualifying report* prior to my appointment as Administrator.

- 2.9 In this instance, the *qualifying report* was obtained from the connected purchasers on 31 March 2022. As referred to above, the substantial disposal was made on 11 April 2022 to Holdings and Lifting. A copy of the *qualifying report* provided by an independent Evaluator from the Pre-Pack Pool Limited is also included at Appendix H.
- 2.10 The *qualifying report* contains the Evaluator's statement that they are satisfied that the consideration for the relevant property, and the grounds for the *substantial disposal* are reasonable in the circumstances (i.e., that the case has been made for the disposal). The Evaluator's principal reasons for making this statement are detailed in the *qualifying report*.
- 2.11 The connected parties provided the Evaluator with a *viability report*, a copy of which is attached at Appendix I. This was considered by the Evaluator (amongst other things), when forming the opinion stated in the *qualifying report*.

Progress since appointment

- 2.12 Following the appointment of Administrators, the Company's affairs, property and business have been managed by the Administrators, who act as agents of the Company without personal liability. The Administrators' overwhelming and principal duty is to take in the Company's assets, treat all creditors fairly and equally and seek to maximise realisations of the Company's assets for the benefit of creditors.
- 2.13 Details of the Administrators' pre-appointment considerations and all matters relating to the aforementioned pre-packaged sales are included within the SIP 16 Report at Appendix G.
- 2.14 As the Proposals have been prepared as soon as was reasonably practicable following the Administrators' appointment, the work completed during the Period has largely been limited to statutory obligations to notify and publicise their appointment and the preparation of the Proposals and SIP 16 report. The principal areas of work undertaken by the Administrators during the Period include, but are not limited to, the following:-
- All matters associated to completing the pre-packaged sales;
 - Service of the notice of appointment of Administrators on the petitioning creditor and dealing with the suspension of the winding up petition;
 - Agreement of petitioner's costs to be paid as an expense of the Administration;
 - Post-appointment statutory and compliance formalities including notifying and advertising the Administrators' appointment, setting the Administrators' performance bond and liaising with all creditors, directors, shareholders, bankers and other stakeholders;
 - Dealing with correspondence and communications received from various stakeholders;
 - Liaison with owners of third-party assets with regard to the return of their equipment or novation to Lifting, as appropriate;
 - Preparation and issue of the Proposals and SIP 16 Report, including all associated research, information collation and liaison with third parties.

Consideration of Proposals by Creditors

- 2.15 Under Paragraph 52(1) of Schedule B1 to the Act, where an Administrator thinks that:
- (a) The Company has sufficient property to enable each creditor of the Company to be paid in full,

- (b) The Company has insufficient property to enable a distribution to be made to the unsecured creditors other than from the Prescribed Part, or
 - (c) The Company cannot be rescued as a going concern, or a better result as a whole than would be likely if the Company were wound up (without first being in Administration) cannot be achieved
- 2.16 Then the Administrator is not required to seek a decision from the Company's creditors as to whether they approve these Proposals.
- 2.17 In this case, I think that (b) applies and that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, from the Prescribed Part or otherwise. I am therefore not required to seek a decision from creditors to approve the Proposals unless the requisite number of creditors request such a decision within the prescribed period. Please see the covering letter which accompanies the Proposals for further information about this process.

Administration (including statutory compliance and reporting)

- 2.16 Following my appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work may, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with valuation agents about the most appropriate means of realising the value in the Company's assets.
- 2.17 I have also dealt with a number of statutory formalities which are required of me under the Act, the Rules the SIPs and related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and advertising my appointment in the London Gazette, together with preparing the Proposals to creditors outlining how the purpose of the Administration may be achieved.
- 2.18 As pre-packaged sales of the Company's assets and business have taken place, I have also prepared and issued the SIP 16 Report.
- 2.19 Other statutory duties performed are outlined in further detail in the fees information which can be found at Appendix F. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

Trading

- 2.20 Following the pre-packaged sales, the Company ceased to trade immediately following the Administrators' appointment and accordingly, its business has not been continued by the Administrators following their appointment.

Realisation of assets

Pre-packaged sales of the Company's business and assets

- 2.21 Creditors should refer to the SIP 16 Report for full details of the pre-packaged sales of the Company's business and assets, including details of the assets sold and their individual values.
- 2.22 The payment terms in respect of the sales are also recorded in the SIP 16 Report and the Administrators will closely monitor Liftings' payment of the deferred element of the sale consideration to ensure that payment is received in full. Creditors will be updated with regard to payment of the deferred consideration via the Administrators' bi-annual statutory reporting.

- 2.23 In addition to the assets included in the pre-packaged sales, the Company's accounting records suggest that there are several other potential assets of the Company which the Administrators' will seek to realise as part of their functions. These are referred to below.

Factored debtor ledger

- 2.24 The Company's book debts are subject to a factoring agreement with the Company's secured creditor and QFCH, Regency.
- 2.25 Upon the Administrators' appointment, the ledger had a balance of £83,736, of which £32,548 had been disapproved for factoring purposes. The approved ledger therefore had a balance of £51,188 and in the interests of prudence, it is this sum that the Administrators expect to be realised via Regency's collection of the factored debtor ledger.
- 2.26 Regency's indebtedness under the facility upon the Administrators' appointment amounted to £29,905, albeit this was prior to the termination fees and charges Regency are entitled to apply to the facility as a consequence of the Company's insolvency.
- 2.27 In the interests of prudence, it has been assumed for the purposes of the Proposals that Regency's termination fees and charges will be equivalent to any surplus funds that may be available from the factored ledger, over and above the estimated realisable ledger and Regency's principal indebtedness. This would result in Regency's lending being repaid in full under its fixed charge via collections of the factored ledger, with no surplus funds available to the Administration estate.
- 2.28 Creditors will be updated in this respect via the Administrators' bi-annual statutory reporting.

Inter-company debt – Lifting

- 2.29 The Company's trial balance extracted from its Xero accounting package records amounts owed from Lifting, albeit the entry on Xero is in the name of Graham Jones Crane Hire Limited ("Crane Hire"), in the sum of £54,012. It has been noted from Companies House that Lifting changed its name to its current style from Crane Hire on 8 March 2022 and therefore it is clear that this entry relates to Lifting, despite being in the name of Crane Hire on Xero.
- 2.30 However, the same trial balance includes an entry suggesting that Lifting is also a creditor of the Company, relating to intercompany trading, in the sum of £30,900.
- 2.31 For the purposes of the Proposals, the Administrators have applied mutual set off in respect of the debtor and creditor balances relating to Lifting, resulting in a net debtor position of £23,112.
- 2.32 This matter has been discussed with Lifting's advisor and it has been explained that the Administrators will review the inter-company trading between the Company and Lifting to determine the final sum due to the Company, with a view to agreeing a settlement with Lifting in due course.
- 2.33 This matter is ongoing and creditors will be updated in this respect via the Administrators' bi-annual statutory reporting.

Cash at bank

- 2.34 The Company's Xero accounts package records that the Company has a Santander Business Reward Saver bank account which seemingly has a credit balance of £10,501. Details of the Company's bank accounts with Santander have been obtained and a letter has been sent to them requesting any credit balance held, however, no response has been received to date.
- 2.35 The Administrators are unable to verify the accuracy of the cash at bank figures from Xero and therefore are unable to comment on the potential realisations until a response is received from Santander.

- 2.36 This matter is ongoing and creditors will be updated in this respect via the Administrators' bi-annual statutory reporting.

Director's loan account – Graham Allan Jones

- 2.37 The Company's Xero accounts package records that the director of the Company, Graham Allan Jones, has an overdrawn director's loan account balance of £8,027.
- 2.38 Similarly to the position with the sums seemingly due to the Company from Lifting, his matter has been discussed with Mr Jones' advisor and it has been explained that the Administrators will review the director's loan account and transactions between Mr Jones and the Company to determine the final sum due, with a view to agreeing a settlement with Mr Jones in due course.
- 2.39 This matter is ongoing and creditors will be updated in this respect via the Administrators' bi-annual statutory reporting.
- 2.40 The work undertaken by the Administrator and his staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.
- 2.41 Further information on the estimated outcome of the Administration can be found below.

Creditors

- 2.42 The Company's creditor position across all classes of creditor is reported below:-

Secured creditor

- 2.43 The Company granted a debenture to Regency incorporating and fixed and floating charges which was created and registered at Companies House on 6 September 2021 and 7 September 2021 respectively. The debenture was registered to secure Regency's lending to the Company under the aforementioned factoring agreement.
- 2.44 Regency's position as secured creditor has been reported at 2.25 to 2.27 of the Proposals. It is anticipated that their principal indebtedness, plus termination fees and charges, will be paid in full under its fixed charge via collections of the factored debtor ledger.

Preferential creditors

Ordinary preferential creditors

- 2.45 Ordinary preferential creditors usually consist of employee wage arrears and accrued holiday entitlement, which, upon termination of employment are largely subrogated by the Redundancy Payments Service ("RPS") up to statutory limits which are imposed by the RPS on employee termination claims.
- 2.46 In this case, the Company employed 35 staff upon the Administrators' appointment, all of whom transferred to Lifting under the Transfer of Undertaking (Protection of Employment) Regulations 2006 ("TUPE") as part of the pre-packaged sales. As a result, no ordinary preferential creditor claims are anticipated in this matter and the pre-packaged sales have mitigated ordinary preferential claims estimated to total £13,888.

Secondary preferential creditors

- 2.47 Since 1 December 2020, claims from preferential creditors now fall into one of two categories, either ordinary (typically involving employee claims and payments made on behalf of the Company by the RPS following dismissal, which rank equally among themselves), or secondary (which are claims by HMRC for VAT or other relevant tax deductions such as PAYE and employee NIC deductions, together with student loans and CIS deductions, which also rank equally among themselves). Ordinary preferential claims rank ahead of secondary preferential claims and all preferential creditors must be paid in full before any distribution can be made to the unsecured creditors of a company.
- 2.48 HMRC's claim has not yet been received, however, the Company's records indicate that the HMRC are owed £246,164 in respect of VAT, £238,036 in respect of PAYE and £1,383 in respect of CIS tax, resulting in estimated secondary preferential creditors amounting to £485,583. This amount, plus any additional indirect taxes, will rank preferentially and ahead of unsecured creditors, eliminating any prospect of a dividend to them either by way of an ordinary dividend or a dividend under the Prescribed Part.
- 2.49 The Administrators' EOS suggests that a partial distribution will be available to secondary preferential creditors in this matter. The quantum and timing of this distribution is subject to agreement of the costs of Administration and the level of asset realisations achieved in this matter.

Unsecured creditors

- 2.50 As per the Administrators' SOA, the Company has approximately 39 unsecured creditors with claims totalling approximately £1,711,856. These amounts have been extracted from the Company's Xero accounting software and no actual claims have been received to date.
- 2.51 Work undertaken by an Administrator in dealing with a company's creditors may only bring a financial benefit to certain classes of creditor such as a secured creditor or the preferential creditors, however, an Administrator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrator in dealing with those claims.
- 2.52 As referred to previously, due to the overwhelming secondary preferential claim of HMRC, there is no prospect of a dividend to unsecured creditors, from the Prescribed Part or otherwise.

Investigations

- 2.53 The Administrators have a statutory obligation to file a report with the Insolvency Service regarding the conduct of the directors that held office in the three years prior to the Administration. The report must be submitted within three months of the appointment date and creditors should note the contents of this report are confidential.
- 2.54 The Administrators also have a statutory duty to investigate antecedent transactions which include, but are not limited to:
- Transactions at an Undervalue – Section 238 of the Act
 - Preference payments – Section 239 of the Act
 - Transactions defrauding creditors – Section 423 of the Act
 - Transactions with connected parties

- 2.55 Furthermore, the Administrators may also bring claims in respect of the following areas of the Act:-
- Section 246ZA – Fraudulent trading: Administration
 - Section 246ZB – Wrongful trading: Administration
- 2.56 The Administrators' investigations into the Company's affairs will be instigated as soon as is reasonably practicable following their appointment. At this early stage of their enquiries, the Administrators do not have any significant concerns surrounding investigation matters but will be investigating the full extent of the director's loan account referred to at 2.37, the inter-company debt with Lifting referred to at 2.29, the sale of assets to Lifting in or around September 2020 referred to in the SIP 16 Report and the Company's trading activities and notification of invoicing to the Regency facility in the closing period of trade.
- 2.57 Creditors will be updated on the progress and status of the Administrators' investigations via the Administrators' bi-annual statutory reporting.

Case specific matters

- 2.58 The Administrators are not aware of any case specific matters in this instance which require explanation to creditors which have not been covered in the sections of the Proposals above.

Sale of assets to connected parties

- 2.59 As referred to in the Proposals and the SIP 16 Report, there have been sales of assets to connected parties, namely the pre-packaged sales to Holdings and Liftings.
- 2.60 Where assets are sold to a connected party, the Administrators are required to make disclosures to creditors in accordance with SIP 13 - Disposal of Assets to Connected Parties in an Insolvency Process. This includes the date of the transaction, the assets involved, the nature of transaction, the consideration paid, the date the consideration was paid, who the assets were sold to and the purchaser's relationship with the with the Company.
- 2.61 The SIP 16 Report at Appendix G provides the above information and more to creditors and no additional disclosure is made here to avoid repetition. The SIP 16 Report more than satisfies the Administrators' disclosure obligations under SIP 13.

3 Administrators' R&P

- 3.1 A summary of the Administrators' R&P for the Period is attached at Appendix B, however, there has been no receipts or payments during the Period.
- 3.2 The funds paid by Lifting upon completion of the pre-packaged sale are currently held by the Administrators' solicitors, Ward Hadaway, and will be transferred to the Administration date in due course, once pre-Administration costs have been approved by the Company's secured and secondary preferential creditors in accordance with insolvency legislation.

4 Financial Position

- 4.1 Due to the complexity of the Proposals and SIP 16 Report and the deadline for their circularisation to creditors, which was the Administrators' main priority immediately following their appointment, the Administrators have not yet issued a request to the director of the Company to complete a statement of affairs ("SOA") in accordance with Paragraph 47 of Schedule B1 to the Act.

- 4.2 No detriment has been caused to creditors in this respect as it is highly unlikely in any event that the director would have returned his completed SOA before the Proposals are circularised to creditors. The request for a directors' SOA will be made as soon as is reasonably practicable following the circularisation of the Proposals and SIP 16 Report to creditors and will be filed at Companies House upon receipt, in accordance with insolvency legislation.
- 4.1 However, the Company has provided the Administrators with access to its Xero accounts package which has allowed the Administrators to prepare an estimated SOA. Attached at Appendix C is a summary of the estimated financial Position of the Company as at 11 April 2022, together with a list of creditors names and addresses along with details of their debts (including details of any security held by them). Creditors should note that the estimated financial position is before the costs of the Administration procedure are considered.
- 4.2 The figures shown on the list of creditors have been extracted from the Company's Xero accounts package and the Administrators cannot verify the accuracy of the information extracted. The Administrators cannot therefore be held personally liable for any inaccuracies with the figures provided and the estimated SOA figures do not detract from creditors' ability to register claims in a different amount to those taken from the Company's accounting system.

5 Proposals

- 5.1 It is proposed that the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:
- 5.2 If, as is currently expected to be the case, at the conclusion of the Administration term the Administrators think that the Company has no property which might permit a distribution to its unsecured creditors, they will file a notice with the Registrar of Companies at the conclusion of the Administration for the dissolution of the Company.
- 5.3 However, in the unlikely event that the Administrators think that a distribution will be made to the unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the Prescribed Part), the Administrators propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into Creditors Voluntary Liquidation (CVL), in order that a distribution can be made to unsecured creditors. In these circumstances, it is proposed that the Administrators in office at the date of the conversion to CVL will become the Liquidators in the CVL. The acts of the Liquidators may be undertaken by either or both of them.
- 5.4 Court approval is not required to enable the Administrators to make a distribution to the unsecured creditors out of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5.5 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.6 The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 5.7 If the Administrators consider it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.

- 5.8 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrators' remuneration, Category 2 expenses (where charged) and any proposed act on the part of the Administrators without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.9 The basis of the Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:
- As a percentage of the value of the assets they have to deal with, or
 - By reference to time properly spent by the Administrators and their staff managing the Administration, or
 - As a set amount
- 5.10 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrators be authorised to draw Category 2 expenses as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 expenses charged by the firm can be found at Appendix F.
- 5.11 Where no Creditors' Committee is appointed, the remuneration and Category 2 expenses of the Administrators shall be fixed by a decision of creditors or where the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, as is the case here, approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Administrators will also seek approval for any unpaid pre-Administration costs detailed in this report and their discharge from liability in the same manner.
- 5.12 In this case, the Administrators are seeking to approve the basis of their remuneration as follows:
- By reference to the time properly spent by the Administrators and their staff in attending to matters arising in the Administration
- 5.13 Further details about the proposed fee basis can be found in Section 8 below and Appendix F.
- 5.14 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

6 Exit routes

- 6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrators' term of office be extended for a specified period of time.
- 6.2 At the time of drafting these Proposals I do not believe that an extension to the period of Administration will be necessary, however, will confirm the position to creditors in a subsequent progress report in due course.
- 6.3 Based on information currently available, the information on the exit route(s) we believe may be appropriate in this Administration are set out below.

Dissolution of the Company

- 6.4 Based on present information, the Administrators think that the Company has insufficient property to permit a distribution to the unsecured creditors, via the Prescribed Part or otherwise. As a result, once the third statutory purpose of Administration has been achieved and upon completion of the Administrators' functions, a notice will be filed with the Registrar of Companies, with the Administrators' final report, for the dissolution of the Company.
- 6.5 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Creditors Voluntary Liquidation ("CVL")

- 6.6 However, in the unlikely event that the Administrators think a dividend will be paid to unsecured creditors, other than by virtue of the Prescribed Part, it is possible that the Company may exit Administration and enter CVL. In these circumstances, the Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into CVL to facilitate this distribution. It is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.
- 6.7 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 6.8 Creditors have the right to nominate an alternative Liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrators prior to the Proposals being deemed approved. Where this occurs, the Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrators will automatically become the Liquidators of the subsequent CVL.

Compulsory Liquidation

- 6.9 If a move to CVL is not possible because a dividend to the unsecured creditors (other than by virtue of the Prescribed Part) is not anticipated, but the Administrators conclude that an exit into Liquidation is appropriate so that further investigations into the Company's affairs may be carried out, for example, an application to Court may be made to exit into Compulsory Liquidation instead. If this exit route is appropriate, at this stage, it is anticipated (but is not mandatory) that the Administrators will become the Liquidators in the subsequent Liquidation.
- 6.10 There are, however, other exit routes available which are highly unlikely to apply in this instance:-
- Return to control of the directors
 - Automatic termination after 12 months
 - By Court Order on the application of the Administrator
 - Ending the Administration where the objective has been achieved
 - CVA.

7 Pre-Administration costs

- 7.1 Pre-Administration costs are defined in Rule 3.1 of the Rules as:
- (i) Fees charged, and

(ii) Expenses incurred

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

7.2 Below is information on the pre-Administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

7.3 The pre-appointment fees charged and expenses incurred by the Administrators are as follows. For the avoidance of any doubt, creditors should note that none of these costs have been paid as they have not yet been approved by creditors and each item below remains unpaid:

Fees or Expenses charged by	<u>Brief</u> description of services provided	Total amount charged and proposed to be paid £
Wilson Field	<p>This information is contained in the SIP 16 Report and creditors should refer to the Glossary within the SIP 16 Report for the definitions used in this section of the Proposals, which may differ from the main body of the Proposals.</p> <p>Advice to the director in relation to the appointment of the Administrators;</p> <p>Compliance with significant statutory obligations under IA 1986, Sch B1 to IA 1986, IR 2016, the SIPs, The Regulations and The Code and related legislation, including internal checklists, assessments (risk and otherwise) and other compliance related matters;</p> <p>Liaison with Regency as the QFCH with regard to, amongst other things, the issue of the WUP, its implications, their support of the business during the AMA hiatus period, the Administration strategy, the valuation and marketing of the Company's business and assets and the ultimate pre-packaged sales. This included inviting Regency to appoint the Administrators and place the Company into Administration under P14 Sch B1 IA 1986;</p> <p>Assistance to the director and Charterfields in preparing a business for sale advert and sales memorandum to market the business and assets for sale, together with supporting information which was made available to potential interested parties;</p> <p>Conduct negotiations with potential interested parties as appropriate with a view to the sale of the business and assets, including providing the Company and Regency with regular updates on the sale process and the status of interested parties;</p> <p>Consideration of contingency plans in the event that a sale of the Company's business and assets as a going concern was not achievable;</p> <p>Extensive liaison with solicitors and agents;</p> <p>Dealing with all matters in connection with our statutory obligations, including but not limited to those contained within SIP 16 and The Regulations, in order to effect the sale of the Company's business and assets immediately upon the appointment of Administrators;</p> <p>Obtaining and reviewing financial information obtained from the Company's Xero accounts package, amongst sources, to identify and determine the financial position of the business and allow estimated outcome and comparison statements to be prepared;</p> <p>Provision of advice to the Company on any other matters we considered should be brought to it and the director's attention;</p> <p>Maintenance of case files;</p>	<p>£67,567 in unpaid time costs, as shown in the SIP 9 grid at Appendix D</p> <p>No disbursements or out of pocket expenses were incurred by the Administrators in the pre-Administration Period</p>

	<p>All other work necessary to prepare the Company for entering Administration.</p> <p>Creditors should note that this list is not exhaustive and the Administrators' pre-Administration costs were not limited to these areas of work.</p> <p>For information, attached at Appendix D is a SIP 9 compliant time matrix outlining the time spent by us and our staff during the pre-Administration Period.</p>	
Charterfields	<p>Full scale valuation and marketing report</p> <p>Attendance at site to conclude valuation work</p> <p>Market research and analysis of financial information</p> <p>Implementation of marketing activities described in the SIP 16 Report</p> <p>Negotiations with interested parties including Holdings and Lifting</p> <p>Provision of information to and extensive liaison with the Administrators</p> <p>Preparation of Heads of Terms</p> <p>Assistance with sale negotiations</p> <p>Provision of formal reports, recommendation letters and other documentation</p>	<p>Valuation fee of £4,000 plus VAT</p> <p>Disbursements as follows:-</p> <p>IP-Bid.com - £245 plus VAT</p> <p>Mileage - £100.50 plus VAT</p> <p>Commission based upon 10% of net realisations arising from the pre-packaged sales, i.e. £50,000 plus VAT in respect of Holdings sale and £125,000 in respect of Lifting sale. Sale commission therefore will be £17,500 plus VAT</p>
Ward Hadaway	<p>Pre-appointment due diligence, compliance formalities, conflict checks etc</p> <p>Opening of file</p> <p>Taking instructions</p> <p>Reviewing various e-mails and documents provided by the Administrators in relation to the proposed appointment and sale</p> <p>Winding up petition searches</p> <p>Preparation of a notice of appointment of administrators ("NOA") and the Administrators' consent to act</p> <p>Filing the NOA at Court</p> <p>Preparation and negotiation of an Asset Sale Agreement with Holdings and a Sale and Purchase Agreement with Lifting</p> <p>Correspondence with the buyers' solicitors</p> <p>Amending the agreements</p> <p>Drafting a deed of release</p> <p>Corresponding with the Administrators throughout and on occasion with director and Regency.</p>	<p>£12,750 in professional fees calculated on a time cost basis</p> <p>Disbursements of £56.95 plus VAT in relation to £6.95 of this sum</p>

- 7.4 The above costs were all incurred following the Administrators' engagement for Administration proceedings on 23 February 2022 and were all incurred during the pre-Administration Period (as defined on page 2 of the Proposals). With this in mind, the above costs are properly defined pre-Administration costs in accordance with the definition contained within Rule 3.1 of the Rules.
- 7.5 Rule 3.36(c) of the Rules requires an explanation of why the above work was done before the Company entered into Administration and how it had been intended to further the achievement of an objective in Paragraph 3(1) of Schedule B1 to the Act.
- 7.6 In this case, why the work was considered necessary to be carried out prior to the appointment of Administrators is because it is against all insolvency legislation, best practice and regulatory guidance to accept appointment as Administrators without first having undertaken pre-appointment statutory and compliance matters. This includes due diligence, strategic planning, communication with stakeholders, conflict and ethical appraisals and money laundering, bribery and client risk assessments. The level of cost incurred is reflective of the extent of pre-appointment planning work required by the Administrators' regulatory body, ICAEW, and will not necessarily bring any financial benefit to creditors.
- 7.7 In addition, and for the reasons explained in the SIP 16 Report, it was necessary to complete this work prior to the appointment of Administrators to allow the pre-packaged sales to be completed, which were in the best interests of and have secured the best possible outcome to the Company's creditors. By their nature, work relating to a pre-packaged sale must always be undertaken prior to the Administrators' appointment.
- 7.8 In terms of how the work has promoted achievement of the statutory purpose of Administration, it is tolerably clear that this is the case as the majority of the work completed was a legal prerequisite to commencing the Administration and completing the pre-packaged sales. Naturally, the statutory purpose of Administration could not have been achieved if the work required to place the Company into Administration and complete the pre-packaged sales had not been completed, as the Company would have been unable to enter Administration in these circumstances, no pre-packaged sales would have been achieved and the Company would have been wound up compulsorily, resulting in no return to any class of creditor.
- 7.9 The payment of unpaid pre-Administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Proposals. As the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation.
- 7.10 In this case, it will fall to Regency, as the Company's secured creditor, and HMRC, as the Company's secondary preferential creditor, to approve payment of the Administrators' pre-Administration costs.
- 7.11 The Administrators' time costs for the pre-Administration Period total £67,567, made up of 172 hours at an average hourly rate of £392.83. Attached at Appendix D is a SIP 9 compliant time grid detailing the time spent and classification of the work undertaken during the pre-Administration Period, split by staff grade.
- 7.12 In accordance with Rule 3.36(a) of the Rules, the Administrators can confirm that no agreement has been entered into, with any party, under which pre-Administration costs were charged and expenses incurred. In this case, the basis and sum of the pre-Administration costs are agreed with the secured creditors and secondary preferential creditors and accordingly, are not, at this stage, subject to any agreement with any party.

8 Administrators' remuneration

- 8.1 As Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or is likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which our remuneration will be fixed.
- 8.2 In addition to this, where the Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. My fees estimate and details of the work we propose to undertake, and the expenses I anticipate will be, or are likely to be, incurred in the Administration can be found at Appendix F. Further information on the work done since my appointment to the date of this report can be found in section 2 of the Proposals.
- 8.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.
- 8.5 For information, attached at Appendix D is a time matrix outlining the time spent by us during the Period. This time is included within the overall fees estimate provided with the Proposals.
- 8.6 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 8.7 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from <https://www.icaew.com/regulation/insolvency/understanding-business-restructuring-and-insolvency/creditors-guides>. If you would prefer this to be sent to you in hard copy please contact Oliver Thompson of this office on 01142356780.

9 Estimated outcome

- 9.1 The Administrators' estimated SOA which is attached at Appendix C records creditor classes and indebtedness as follows:-

<i>Class of creditor</i>	<i>Claim (£)</i>
Secured creditor	51,188
Secondary preferential creditors	485,583
Unsecured creditors	1,711,853
Total	2,248,624

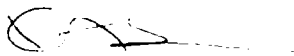
- 9.2 The Company granted a floating charge to Regency on 6 September 2021. Accordingly, we are required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**), which only applies to charges created after 15 September 2003.
- 9.3 Once the expenses of the Administration are taken into account, along with the indebtedness to the Company's secondary preferential creditors, the Company has negative net floating charge property and therefore the Prescribed Part provisions do not apply in this case.

- 9.4 As referred to in the creditors section of the Proposals, due to a paucity of asset realisations, the expenses of the Administration and the level of secondary preferential creditors in this matter, no dividend is anticipated unsecured creditors, via the Prescribed Part or otherwise. The Administrators' EOS suggests that Regency will be paid in full under its fixed charge via the collection of the factored debtor ledger and that a partial distribution will be available to the secondary preferential creditor, HMRC.

10 Proposals approval and next report

- 10.1 As I think the Company has insufficient property to enable it to make a distribution to its unsecured creditors, I am not required to seek a decision from the unsecured creditors on the approval of the Proposals.
- 10.2 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration, the next report will therefore be provided to creditors at that time.

For and on behalf of the Company



K Burton
Joint Administrator

Enc.

Appendix A

Statutory Information

1 Company information

Company name	Graham Jones Cranes Limited
Trading name(s)	Not applicable
Registered number	05745437
Registered office address	c/o Wilson Field Limited The Manor House 260 Ecclesall Road South Sheffield S11 9PS
Former registered office address	25 Grosvenor Road Wrexham LL11 1BT Wales
Trading address(s)	Rhosddu Industrial Estate Wrexham LL11 4YL Wales
Court details	High Court of Justice, Business and Property Courts in Leeds, Insolvency and Companies List (chd)
Court reference number	CR-LDS-000230 of 2022

2 Details of the Company's directors and shareholdings

	Date appointed	Date resigned	Shares held
Director(s)			
Graham Allan Jones	16 March 2006	-	Nil
Fiona Louise Jones	16 March 2006	23 June 2021	Nil
Ryan Wyn Jones	5 July 2018	16 September 2019	Nil
Ryan Wyn Jones	18 February 2015	28 February 2018	Nil
Shareholder			
G Jones Holdings Limited	N/A	N/A	1 ordinary £1 share

3 Joint Administrators' details

Name of Administrators	Kelly Burton	Robert Neil Dymond
Address	The Manor House 260 Ecclesall Road South Sheffield S11 9PS	The Manor House 260 Ecclesall Road South Sheffield S11 9PS
Telephone Number	0114 235 6780	0114 235 6780
Fax Number	0114 262 0661	0114 262 0661
Administrator's IP Number	11750	10430
Authorising Body	ICAEW	ICAEW
Date of Appointment	11 April 2022	

Appendix B

R&P for the Period

Graham Jones Cranes Limited
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 11/04/2022 To 22/04/2022 £	From 11/04/2022 To 22/04/2022 £
	SECURED ASSETS		
110,000.00	Goodwill	NIL	NIL
6,000.00	Intellectual Property	NIL	NIL
51,188.00	Factored Debtor Ledger	NIL	NIL
		NIL	NIL
	SECURED CREDITORS		
(51,188.00)	Regency Factors Limited (inc term fee	NIL	NIL
		NIL	NIL
	HIRE PURCHASE		
50,000.00	Hire Purchase Crane - DC12 KOU	NIL	NIL
(43,610.00)	Praetura Asset Finance	NIL	NIL
24,000.00	Hire Purchase Crane - CX20 YRJ	NIL	NIL
(17,910.00)	Praetura Asset Finance	NIL	NIL
32,000.00	Hire Purchase Agreement - CX20 GYE	NIL	NIL
(20,510.00)	Kingsley Asset Finance	NIL	NIL
200,000.00	HP Agreements - YK07 CNV & YJ58 X	NIL	NIL
(191,510.00)	Haydock Finance	NIL	NIL
7,000.00	Hire Purchase Agreement - CX67 ZHV	NIL	NIL
(4,410.00)	BNP Paribas	NIL	NIL
		NIL	NIL
	GENERAL SECURED GROUP		
15,000.00	HP Agreement - Nooteboom Ballast Tr	NIL	NIL
(10,410.00)	BNP Paribas	NIL	NIL
12,000.00	Lease Purchase Agreement - CX18 S	NIL	NIL
(7,710.00)	Paragon Finance	NIL	NIL
9,250.00	Lease Purchase Agreement - CX68 L	NIL	NIL
(7,610.00)	Paragon Finance	NIL	NIL
18,000.00	Hire Purchase Agreement - CY70 FEH	NIL	NIL
(16,410.00)	United Trust Bank	NIL	NIL
12,850.00	Hire Purchase Agreement - CX19 GZZ	NIL	NIL
(10,010.00)	United Trust Bank	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
10,501.00	Cash at Bank	NIL	NIL
8,207.00	Director's Loan Account	NIL	NIL
23,112.00	Inter-Company Debt - Lifting	NIL	NIL
2,000.00	Order Book	NIL	NIL
5,000.00	Stock	NIL	NIL
2,000.00	Work In Progress	NIL	NIL
		NIL	NIL
	PREFERENTIAL CREDITORS		
(1,383.00)	HMRC - CIS Tax	NIL	NIL
(238,036.00)	HMRC - PAYE	NIL	NIL
(246,164.00)	HMRC - VAT	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(87,972.00)	Aries Market Loan	NIL	NIL
(33,594.00)	Arkle Finance - CBILS Loan	NIL	NIL
(87,301.00)	Ask If	NIL	NIL
(706,141.00)	Clywd Properties Limited	NIL	NIL
(152,572.00)	Credit 4 loan	NIL	NIL
(200.00)	HMRC Corporation Tax	NIL	NIL

Graham Jones Cranes Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs		From 11/04/2022 To 22/04/2022	From 11/04/2022 To 22/04/2022
£		£	£
(29,708.00)	Intercompany Loan - G J Holdings Lim	NIL	NIL
(155,327.00)	LDF Finance (White Oak)	NIL	NIL
(115,673.00)	Lloyds Bank plc	NIL	NIL
(75,979.24)	Petitioning Creditor	NIL	NIL
(267,388.28)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,980,619.52)		NIL	NIL
	REPRESENTED BY		
			NIL


 Kelly Burton
 Joint Administrator

Appendix C

Administrators' summary of the estimated financial position of the Company as at 11 April 2022

NOTE – The Company had a total of 15 assets subject to third party ownership, comprising hire and lease purchase agreements with various financiers. Technically speaking, the value of each asset less the corresponding liability to the financier should be shown on the Administrators' SOA.

However, due to constraints with the Administrators' IPS software, it is not possible to list each asset's value and corresponding finance liability, as the software only provides for 5 hire purchase and 5 'general secured group' asset categories. As a result, it has been necessary for the Administrators to exclude any finance agreements with negative equity from their SOA in order that only assets with positive equity values, where realisations have been achieved via the sale to Holdings, are included in the SOA.

The pre-packaged sale to Lifting allowed the equity in the finance agreements to be realised on an individual basis, maximising the positive equity in the agreements for the benefit of creditors, where as any cessation of trade would have resulted in the financiers consolidating their lending across a number of agreements, reducing the equity levels available to creditors. As the pre-packaged sale has resulted in all finance agreements, including both those with positive and negative equity, being transferred to Holdings, along with the indebtedness to the financiers, the relevant financiers will not participate as creditors in the Administration and therefore the Administrators do not consider that there is any detriment to the approach set out above and consider that this is the only way to accurately demonstrate the equity in financed assets acquired by Holdings as a result of the pre-packaged sale.

Insolvency Act 1986

Graham Jones Cranes Limited
Company Registered Number: 05745437

Estimated Statement Of Affairs as at 11 April 2022

	Book Value £	Estimated to Realise £	£
ASSETS			
Goodwill		110,000.00	
Intellectual Property		6,000.00	
Factored Debtor Ledger	83,736.00	51,188.00	
Regency Factors Limited (inc term fees)		(51,188.00)	
Surplus c/d		<u>116,000.00</u>	
Hire Purchase Crane - DC12 KOU	253,554.00	50,000.00	
Praetura Asset Finance		(43,610.00)	
Surplus c/d		<u>6,390.00</u>	
Hire Purchase Crane - CX20 YRJ	121,706.00	24,000.00	
Praetura Asset Finance		(17,910.00)	
Surplus c/d		<u>6,090.00</u>	
Hire Purchase Agreement - CX20 GYE	162,274.00	32,000.00	
Kingsley Asset Finance		(20,510.00)	
Surplus c/d		<u>11,490.00</u>	
HP Agreements - YK07 CNV & YJ58 XNZ	1,014,241.00	200,000.00	
Haydock Finance		(191,510.00)	
Surplus c/d		<u>8,490.00</u>	
Hire Purchase Agreement - CX67 ZHV	35,497.00	7,000.00	
BNP Paribas		(4,410.00)	
Surplus c/d		<u>2,590.00</u>	
HP Agreement - Nooteboom Ballast Trailer	25,355.00	15,000.00	
BNP Paribas		(10,410.00)	
Surplus c/d		<u>4,590.00</u>	
Lease Purchase Agreement - CX18 SYF	60,583.00	12,000.00	
Paragon Finance		(7,710.00)	
Surplus c/d		<u>4,290.00</u>	
Lease Purchase Agreement - CX68 LNN	46,907.00	9,250.00	

Insolvency Act 1986

Graham Jones Cranes Limited
Company Registered Number: 05745437

Estimated Statement Of Affairs as at 11 April 2022

	Book Value £	Estimated to Realise £	£
Paragon Finance		(7,610.00)	
Surplus c/d		<u>1,640.00</u>	
Hire Purchase Agreement - CY70 FEH	91,279.00	18,000.00	
United Trust Bank		(16,410.00)	
Surplus c/d		<u>1,590.00</u>	
Hire Purchase Agreement - CX19 GZZ	65,163.00	12,850.00	
United Trust Bank		(10,010.00)	
Surplus c/d		<u>2,840.00</u>	
Inter-Company Debt - Lifting	23,112.00		23,112.00
Director's Loan Account	8,207.00		8,207.00
Stock			5,000.00
Work In Progress			2,000.00
Order Book			2,000.00
Cash at Bank	10,501.00		10,501.00
Surplus b/d			166,000.00
			<u>216,820.00</u>
LIABILITIES			
PREFERENTIAL CREDITORS:-			<u>NIL</u>
			216,820.00
2nd PREFERENTIAL CREDITORS:-			
HMRC - VAT		246,164.00	
HMRC - PAYE		238,036.00	
HMRC - CIS Tax		1,383.00	
			485,583.00
			<u>(268,763.00)</u>
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			<u>NIL</u>
			(268,763.00)
Estimated prescribed part of net property where applicable (to carry forward)			<u>NIL</u>
			(268,763.00)
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			<u>NIL</u>
			(268,763.00)
Estimated prescribed part of net property where applicable (brought down)			<u>NIL</u>
			NIL

Insolvency Act 1986

Graham Jones Cranes Limited
Company Registered Number: 05745437

Estimated Statement Of Affairs as at 11 April 2022

	Book Value £	Estimated to Realise £	£
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Deficiency b/d		268,763.00	
Trade & Expense Creditors		267,388.28	
Aries Market Loan		87,972.00	
Arkle Finance - CBILS Loan		33,594.00	
Intercompany Loan - G J Holdings Limited		29,708.00	
Credit 4 loan		152,572.00	
Petitioning Creditor		75,979.24	
Clywd Properties Limited		706,141.00	
HMRC Corporation Tax		200.00	
Lloyds Bank plc		115,673.00	
LDF Finance (White Oak)		155,327.00	
Ask If		<u>87,301.00</u>	
			1,980,618.52
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			(1,980,618.52) (1,980,618.52)
Issued and called up capital Ordinary Shareholders		1.00	
			<u>1.00</u>
TOTAL SURPLUS/(DEFICIENCY)			(1,980,619.52)

Wilson Field Limited
Graham Jones Cranes Limited
Company Registered Number: 05745437
B - Company Creditors


Key	Name	Address	£
CA00	AnR Specialists Ltd	6 Bay Street, Swansea, SA1 8LB	11,410.00
CA01	Aries Financial - Market Loan	6 Deyden Road, Loanhead, EH20 9LZ	87,972.00
CA02	Arkle Finance - CBILS loan	52-60 Sanders Road, Wellingborough, NN8 4BX	33,594.00
CA03	Ask If	Canterbury Court, 1-3 Britxtan Road, London, SW96DE	87,301.00
CB00	Baldwins Cranes (Purchase)	Grappenhall Road, Appleton, Warrington, WA4 7HS	29,145.05
CB01	Boundary Parks Limited	48 Chester Road, Stockton Heath, Warrington, Cheshire, WA4 2RX	7,800.00
CB02	Brandon Hire Ltd	Unit 4B, Stag Industrial Estate, Altrincham, WA14 5DW	7,372.61
CB03	Big Change Limited	3150 Cventury Way, Thorpe Park, Leeds, LS15 8ZB	1,791.00
CB04	Berendsen UK Ltd	PO Box 6114, Basingstoke, RG24 8JP	1,726.50
CC00	Crane-hire-direct Purchase	Old Smithy Garage, Newcastle Road, Arcild, Sandbach, Cheshire, CW11 2UE	25,300.00
CC01	Credit 4 business loan	22 Westminster Palace Gardens, Artillery Row, London, SW1P1RR	152,572.00
CC02	Clywd Properties Limited	Unit 4, Alyn Court, Rhosddu Industrial Estate Main Road, Wrexham, LL11 4YL	706,141.00
CE00	Enterprise Rent a car	Enterprise House, Melburne Park, Vicarage Road, Egham Surrey, TW20 9FB	14,320.82
CE01	ETS UK Limited	Northside Industrial Park, Whitley Bridge, East Yorkshire, DN14 0GH	143.99
CG00	Grenke Leasing Limited	2 London Square, Cross Lanes, Guildford, GU1 1UN	75,979.24
CG01	G Jones Holdings Ltd	25 Grosvenor Road, Wrexham, LL11 1BT	29,708.00
CG02	Gap-Group		15,851.32
CG03	GGR Group	GGR UNIC House, Pegasus Way, Haddenham Business Park, Haddenham, Buckinghamshire, HP17 8LJ	1,224.00
CG04	Griffiths Tool Hire		246.00
CH00	HM Revenue & Customs VAT	Solicitors Office , 1st Floor, Southwest Wing, Bush House, London	246,164.00
CH01	HM Revenue & Customs PAYE	Solicitors Office , 1st Floor, Southwest Wing, Bush House, London	238,036.00
CH02	HM Revenue & Customs CIS Liabilities	Solicitors Office , 1st Floor, Southwest Wing, Bush House, London	1,383.00
CH03	HM Revenue and Customs Corporation Tax	Solicitors Office , 1st Floor, Southwest Wing, Bush House, London	200.00
CI00	Interflon UK Ltd	Crofton House, Crofton Road, Portrack, Stockton on Tees, TS18 2QZ	2,574.48
CI01	Industrial Door Engineering Ltd	Winnington Avenue, Winnington, Northwich, Cheshire, CW8 4EQ	450.00
CJ00	JD Owen Transport Services	Caerwys, Denbigh, CH7 5BH	8,274.00
CK00	Keoghs LLP		470.00
CL00	Leibherr - Great Britain Ltd	Normandy Lane, Stratton Business Park, Biggleswade, SG18 8QB	48,300.00

Signature



Wilson Field Limited
Graham Jones Cranes Limited
Company Registered Number: 05745437
B - Company Creditors

Key	Name	Address	£
CL01	Lifting Gear Hire Ltd (Liftings)	120 Bolton Road, Atherton Manchester, M46 9JZ	15,983.46
CL02	LDF Finance (White Oak)	2nd floor, HQ, 58 Nicholas Street, Chester, CH1 2NP	155,327.00
CL03	Lloyds Bank plc Business current account less of	Lloyds Bank, RBB Colmore Row CoServ 3, BoS Business Banking, PO Box 1984, Andover, SP10 9GZ	115,673.00
CM00	Manitowoc Crane Group (UK) Ltd	Manitowoc House, Network 421, Radcliffe Road, Gawcott, Buckingham, MK18 4FD	32,102.40
CM01	M D Coxey	25 Grosvenor Road, Wrexham, LL11 1BT	3,469.00
CN00	NWF Fuels Ltd (N002)	Babbinswood, Oswestry, Shropshire, SY11PQ	8,812.87
CN01	Normans	Haznorta Farm, Burton, Neston, Wirral, Cheshire, CH64 8TQ	5,760.00
CP00	PCIS (Southern) Ltd	16 Egberton Avenue, Hextable, Swanley, Kent, BR8 7LQ	0.60
CR00	Regency Factors Limited	Regency Chambers, Jubilee Way, Bury, BL9 0JW	51,188.00
CS00	S M Shepherd CVR	Unit 2 Redwither Road, Wrexham Industrial Estate, Wrexham, LL13 9RD	23,420.18
CS01	Site Testing Services	168 Lee Lane, Horwich, Bolton, BL6 7AF	1,440.00
39 Entries Totalling			2,248,626.52

Signature 

Wilson Field Limited
Graham Jones Cranes Limited
B1 - Company Creditors - Employees & Directors

Key	Name	Address	Pref £	Unsec £	Total £
0 Entries Totalling					
			0.00	0.00	0.00



Signature

Wilson Field Limited
Graham Jones Cranes Limited
Company Registered Number: 05745437
B2 - Company Creditors - Consumer Creditors

Key	Name	Address	£
0 Entries Totalling			0.00

Signature 

Appendix D

Time analysis for the pre-Administration Period

Time Entry - Detailed SIP9 Time & Cost Summary

GRAH01A - Graham Jones Cranes Limited
From: 23/02/2022 To: 11/04/2022
Project Code: PRE

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
ADAP : Appointment	0.10	4.40	0.00	0.00	4.50	1,854.00	412.00
ADCR : Case Reviews	0.00	0.00	10.20	0.00	10.20	1,986.00	194.71
ADDI : Directors/Client	0.00	3.00	0.30	0.00	3.30	1,284.00	389.09
ADGA : File Maintenance	0.00	3.20	0.30	0.00	3.50	1,372.00	392.00
ADSC : Statutory and Compliance	0.00	17.10	13.50	0.00	30.60	9,441.00	308.53
ADSO : Strategic Overview	19.90	16.70	0.00	0.00	36.60	16,797.00	458.93
Admin and Planning	20.00	44.40	24.30	0.00	88.70	32,734.00	369.04
CRCL : Creditors Claims	0.00	1.80	0.20	0.00	2.00	774.00	387.00
CRCO : Communications with Creditors	0.00	3.00	0.00	0.00	3.00	1,230.00	410.00
CREM : Employees	0.00	2.60	7.50	0.00	10.10	3,166.00	313.47
Creditors	0.00	7.40	7.70	0.00	15.10	5,170.00	342.38
REDC : Debt Collection	2.40	2.90	0.00	0.00	5.30	2,389.00	450.75
REIS : Identifying Securing and Insuring	0.00	1.50	0.00	0.00	1.50	615.00	410.00
REPB : Property, Business and Asset Sales	16.50	44.90	0.00	0.00	61.40	26,659.00	434.19
Realisation of Assets	18.90	49.30	0.00	0.00	68.20	29,663.00	434.94
Total Hours	38.90	101.10	32.00	0.00	172.00	67,567.00	392.83
Total Fees Claimed						0.00	

Appendix E

Time analysis for the Period

Time Entry - Detailed SIP9 Time & Cost Summary

GRAH01A - Graham Jones Cranes Limited
From: 11/04/2022 To: 22/04/2022
Project Code: POST

Classification of Work Function	Directors & IP's	Managers	Administrators	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
ADCA : Cashiering	0.00	0.00	0.00	0.40	0.40	100.00	250.00
ADGA : File Maintenance	0.10	0.00	0.00	0.10	0.20	64.00	320.00
ADSC : Statutory and Compliance	9.70	50.50	26.20	0.00	86.40	30,271.00	350.36
Admin and Planning	9.80	50.50	26.20	0.50	87.00	30,435.00	349.83
CRCO : Communications with Creditors	1.10	0.10	0.30	0.00	1.50	645.00	430.00
Creditors	1.10	0.10	0.30	0.00	1.50	645.00	430.00
REPB : Property, Business and Asset Sales	0.00	1.10	0.00	0.00	1.10	451.00	410.00
Realisation of Assets	0.00	1.10	0.00	0.00	1.10	451.00	410.00
Total Hours	10.90	51.70	26.50	0.50	89.60	31,531.00	351.91

Appendix F

Fees information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

Fees overview

Prior to an insolvency practitioner agreeing the basis of their remuneration as Administrator, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.

In addition, where the Administrator proposes to take all or any part of this remuneration based on the time they and their staff will spend dealing with the affairs of the insolvent company, a *fees estimate* must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a *fees estimate* may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.

Creditors should be aware that the *fees estimate* is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the Administration. If it is considered that the *fees estimate* will be exceeded and if they are seeking to draw additional remuneration, the Administrator must provide an update and seek approval to increase the previously agreed *fees estimate*.

Proposed Fee basis

The Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by them and their staff in dealing with the affairs of the Company. This appendix includes details of the work the Administrators propose to undertake and the expenses the Administrators consider will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Proposals at section 2.

Where a time cost basis is being sought, this will include the Administrators' *fees estimate*. This will also provide details of the hourly rate or rates the Administrators and their staff propose to charge for each part of that work, together with the time anticipated each part of that work will take.

This *fees estimate* is produced on the basis of all the work currently proposed to be necessary in the Administration. If it is considered the *fees estimate* will be exceeded creditors will be notified accordingly, and a revised estimate provided to seek further approval for increased fees.

In this case however, it is not anticipated that it will be necessary to seek further approval to increase the level of the fees estimate, if the time incurred is in excess of the same as it is anticipated that the office holder will seek to restrict their remuneration to the limits imposed by the agreed *fees estimate*.

Work anticipated and the likely return to creditors

Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Where the work to be done is anticipated to produce a financial benefit, this will be stated and it may be necessary for the Administrator to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, an Administrator will provide an indication of the likely return to creditors when seeking approval for the basis of their remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. An Administrator is however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Based on the Administrators' current assessment of the likely outcome of the Administration to creditors, it is anticipated that the Administration will permit the Company's secured creditor, Regency, to be repaid in full under its fixed charge via the collection of the factored debtor ledger, realisations of which will be maximised by Administration and the continuity of service associated to the pre-packaged sale referred to throughout the Proposals and SIP 16 Report. In addition, it is anticipated that following payment of the expenses of the Administration procedure, realisations of the Company's assets will be sufficient to enable a partial distribution to the Company's secondary preferential creditor, HMRC. Unfortunately, due to the level of secondary preferential creditor claims, there is no prospect of a dividend to unsecured creditors, via the Prescribed Part or otherwise.

Outline of work to be done by the Administrators

Attached is the Administrators' *fees estimate* for the Administration which estimates the Administrators' and their staff's likely time costs for the duration of the Administration term. As it is anticipated that the Company will be dissolved at the conclusion of the Administration term, this fees estimate does not account for the time costs which may be associated to any subsequent insolvency procedure, such as CVL or WUC. The work the Administrators anticipate undertaking in relation to this estimate is outlined below and is based on current knowledge of the case.

Administration (including statutory compliance & reporting)

The Administrators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties. Whilst these tasks are required by statute or regulatory guidance or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

The fee estimate takes an average value for the time spent in undertaking this aspect of work in six similar sized cases administered by Wilson Field, this work includes but is not limited to:

- Complying with Insolvency code of ethics, Money Laundering and Bribery Act legislation, including periodic reviews
- Notifying creditors of the Administrator's appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Reporting to creditors regarding any pre-packaged sale of the business, including the detailed SIP 16 Report
- Preparing and issuing the Administrator's statement of proposals for achieving the purpose of the Administration ("the Proposals"), notifying the approval of the Proposals and thereafter providing periodic progress reports to members and creditors (typically every 6 months)
- Lodging periodic returns with the Registrar of Companies for the Administration
- Complying with statutory duties in respect of the Administrator's specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Establishing creditors' committee. Periodic meetings and reporting and associated filing formalities (if a committee is appointed)
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's insolvency to HMRC
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the Administration estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance
- Liaison with secured creditors, obtaining charge documents and validating the security
- Convening any meetings of creditors as requested or as deemed necessary
- Maintaining case files
- Dealing with the formalities with regards closing the case.

Case specific matters

The Administrators are not aware of any case specific matters that will particularly impact upon their time costs in this matter. Accordingly, their fees estimate makes no provision for time costs for this area of work.

Creditors (claims and distributions)

The Administrators will be required to deal with all secured, preferential and unsecured creditor correspondence and claims as received across the life of the case.

As noted, the Company has 1 secured creditor, 1 secondary preferential creditor and 39 unsecured creditors, all of whom are yet to submit their claim in proceedings due to its early stages.

In compiling the fee estimate, the Administrators note that to date, 1.50 hours have been incurred in dealing with creditor enquiries and their claims, so a further provision of 29.5 hours has been applied to the estimate to deal with this aspect of the case.

As referred to in the Proposals, it is anticipated that a dividend will be available to HMRC as secondary preferential creditor. The fees estimate therefore accounts for the time that will be incurred in this area in reviewing HMRC's final claim and preparing the documentation necessary to declare a dividend to this class of creditor.

Despite the anticipation that there will not be a distribution unsecured creditors, the Administrators will still be required to deal with correspondence from such creditors as the need arises.

Investigations

As noted in the Proposals, the Administrators are required to conduct investigations into the conduct of the director of the Company and transactions entered into prior to the Company's insolvency, as required by CDDA and SIP 2.

This work may not necessarily lead to any financial benefit to creditors yet is work required to undertaken by statute. In considering the size and scope of the Company's operation, the Administrators have allocated 32.50 hours to complying with their statutory duties in this regard. Such work includes reviewing and analysing the Company's bank statements and day to day records, as well as verifying the transactions noted in the Company's formal accounts.

At this early stage of our enquiries, the Administrators do not have any significant concerns surrounding investigation matters but will be investigating the full extent of the director's loan account referred to at 2.37, the inter-company debt with Lifting referred to at 2.29, the sale of assets to Lifting in or around September 2020 referred to in the SIP 16 Report and the Company's trading activities and notification of invoicing to the Regency factoring facility in the closing period of trade.

These matters require consideration, in that they will likely lead to additional recoveries for the benefit of the Administration estate in respect of the overdrawn director's loan account and inter-company debt. Due to the sensitive nature of the investigations, the Administrators do not wish to divulge too much information about the matters being reviewed at this stage.

The work required to be undertaken in order to ascertain the position with regard to the above will be extensive. Initial work will include collating and reviewing the Company's applicable books and records to review and quantify any claims. It is considered that there will also be the requirement for "fact finding" correspondence to be issued to parties in relation to the aforementioned transactions, which will also then require review and cross referencing against the information to hand. As these matters progress, it is anticipated that additional work may include;

- Instructions to and meetings with solicitors to progress a claim
- lengthy and detailed correspondence with any defendant or other party involved
- mediation or other resolution meetings with defendants to seek to agree a settlement for the benefit of creditors
- the obtaining of any relevant insurance to cover the costs of any legal proceedings
- full legal proceedings which could consist of an application to court, numerous court hearings and other associated work.

In considering the scope of the potential claims, the level of work that may be required to see them through to fruition, and in light of the time the Administrators' experience in previous matters where investigations have been a significant factor contributing to time incurred, it is considered that an additional 32.50 hours' time represents a prudent estimate to deal with the additional investigatory matters. All work undertaken to pursue these recoveries will be recorded within this time category.

Realisation of assets

As noted in the Proposals, the Administrators have realised the majority of the Company's assets via the pre-packaged sales and accordingly, the majority of time anticipated in this area of work was completed prior to their appointment. Limited time has been recorded in this area following appointment, relating to the formalities of completing the sale. This work has incurred 1.10 hours' time to date in this regard.

However, as the sale to Lifting includes deferred payment terms and anti-embarrassment provisions, further time will be incurred following the Administrators' appointment in finalising the matters related to the pre-packaged sales and collecting the full consideration. Taking into consideration the scope of work required to be undertaken during the rest of the assignment, the Administrators have allocated a further 31.40 hours to this aspect of the estimate. The work required to be undertaken will include but is not limited to the following:

- Collecting the deferred consideration arising from the sale to Lifting, monitoring any application of the anti-embarrassment provisions contained in the SPA.
- Reviewing finance agreements and liaising with any third parties in respect of their interest in any of the third party assets held by the Company subject to straight lease or hire agreements assets and assisting in their return to the owners or novation to Lifting, as is appropriate.
- Liaising with the Company's bankers and securing any credit balances held, particularly in relation to the Santander account.
- Liaising with Regency in respect of the factored debtor ledger and any surplus which may be available from this source.
- Recovery of VAT receivable on any post-Administration fees and charges applied to the factoring facility by Regency.
- Pursuing the inter-company debt with Lifting referred to in the Proposals.
- Pursuing the overdrawn director's loan account.
- Dealing with any other identified assets as required.

The Administrators will also seek to identify any other Company assets they have not been advised of which may result in the valuation and sale of further Company assets, including any necessary site visits to inspect and secure the assets and instructions to solicitors and agents as deemed necessary to assist with the valuation, marketing and sale of any assets.

If further assets are identified, and these are of significant value, the Administrators will obtain relevant insurance cover for those assets.

Trading

The Company's business has not been traded following the Administrators' appointment and accordingly, the fees estimate takes no account of time costs in this area of work.

Administrators' expenses

As noted, the Administrators are required to provide creditors with details of the expenses they consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the Company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses considered will be, or are likely to be, incurred in this case. The Administrators will provide a further update to creditors in subsequent progress reports.

Expense	Estimated cost
Pre-Administration costs	
Administrators' fees	67,567
Agent's fees – valuation fee	4,000
Agent's fees – disbursements	346
Agent's fees – commission	17,500
Solicitor's fees	12,750
Solicitor's disbursements	57
Post-Administration costs	
Petitioning creditor costs	1,861
Administrators' fees	70,381
Post-appointment advertisement – notice of appointment	86
Specific bond	340
Postage and stationery	55
Travel expenses	100
Legal fees	12,000
Statement of affairs fee – Rule 3.34 IR 2016	2,000
Corporation Tax re sale of goodwill	TBC
	189,133

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of an IP/Director, Assistant Manager, Senior Administrator and/or Administrator and Secretarial and/or Support staff. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

The Administrators are not proposing to utilise the services of any sub-contractors in this case.

Professional advisors

On this assignment the Administrators have used the professional advisors listed below. They have also indicated alongside the basis of the fee arrangement with them, which is subject to review on a regular basis.

Service (s)	Provider	Basis of fee arrangement	Cost to date
Solicitor	Ward Hadaway	Time costs as per letter of engagement	£0 paid to date
Valuation agent	Charterfields	Fixed valuation fee, disbursements and a commission of 10% of realisations arising from the pre-packaged sale	£0 paid to date

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Wilson Field's charge-out rates and Category 2 expenses policy

Attached to this document are details of my firm's current charge out rates and policy regarding the re-charge of Category 2 expenses.

Category 2 expenses require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 expenses which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of the remuneration of the Administrators is fixed.

It should be noted that Wilson Field's charge-out rates may increase periodically. If any such increases impact on the *fees estimate* for the Administrators, creditors will be notified accordingly.

WILSON FIELD LIMITED CHARGE OUT RATES AND EXPENSES POLICY

In accordance with Statement of Insolvency Practice 9 ("SIP 9") covering fees and expenses, we are required to disclose to you our policy for recovering non-specific expenses, and the charge out rates for the various grades of staff who may be involved in this case.

Remuneration

The office holder(s) will seek approval from creditors to draw remuneration on a time cost basis, in accordance with the rates detailed below.

	Hourly charge out rate (£)			
Grade	01/11/2017 to 30/06/2018	01/07/2018 to 05/03/2020	06/03/2020 to 31/03/2021	01/04/2021 onwards
Director/Insolvency Practitioner	500	500	500	500
Manager	400	400	395	410
Assistant Manager	395	N/a	N/a	N/A
Team Leader	390	390	N/a	N/A
Senior Administrator	330	395	300	310
Administrator (dependent on experience)	230-300	230 - 300	240-270	180-280
Trainee Administrator	180	180	180	N/A
Assistant & Support staff	130	130	130 - 235	140-250

All time is recorded in 6 minute units.

Expenses

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or member. Expenses also includes disbursements. Disbursements are payments which are first met by the office holder, and then reimbursed to the office holder from the estate. Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

Category 1 expenses

These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These expenses can be paid without prior approval. Examples of these are advertising, insurance, legal fees etc.

Category 2 expenses

These are payments to associates or payment which have an element of shared costs. Examples of a category 2 expenses that officeholders may seek creditor approval for would be for mileage costs or for hire of external rooms for physical meetings where the room is used for more than one insolvency, Any such approval will be outlined with documentation for the relevant decision procedure.

Category 2 expenses are charged in accordance with the liquidator's prevailing recovery policy at the time the expense is incurred. However, any Category 2 expenses incurred prior to the 1 April 2021 but for which payment has not been drawn, will not be charged after this date. The rates applicable from 1 April 2021 are detailed below:

Expense	Charge	Period charged
Mileage	As per HMRC's approved mileage rates	On appointment (where appropriate)

In common with all professional firms, our charge out rates increase from time to time. We reserve the right to change the rates without prior notice to you. Any change will be reported in the next statutory report to creditors.

GRAHAM JONES CRANES LIMITED - IN ADMINISTRATION
FEE ESTIMATE

Breakdown / Grade	Partner	Cost (£)	Manager	Cost (£)	Other Senior Professionals	Cost (£)	Assistants & Support Staff	Cost (£)	Total Hours	Total Cost (£)	Average Cost per Hour (£)
Admin and Planning (inc appointment/cashiering/case reviews/director client/file maintenance/out of office call/statutory and compliance/strategic overview)	13.30	6,650.00	63.50	26,035.00	63.20	11,376.00	2.50	625.00	142.50	44,686.00	313.59
Case Specific Matters (inc site visit/shareholders)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors (inc calculation & distribution/creditors claims/communications with creditors/employees/Tax and VAT/Creditor service/prescribed part calculation & distribution)	1.10	550.00	6.10	2,501.00	19.80	3,564.00	4.00	1,000.00	31.00	7,615.00	245.65
Investigations (inc CDDA report/antecedent transactions/investigation and review)	3.50	1,750.00	8.50	3,485.00	20.50	3,690.00	0.00	0.00	32.50	8,925.00	274.62
Realisation of Assets (inc debt collection/identifying securing and insuring/property business and asset sales/ROT)	3.50	1,750.00	9.50	3,895.00	19.50	3,510.00	0.00	0.00	32.50	9,155.00	281.69
Trading (inc accounting for trading/ongoing employee issues/management of operations)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	21.40	10,700.00	87.60	35,916.00	123.00	22,140.00	6.50	1,625.00	238.50	70,381.00	295.10

The charge out rate information opposite has been obtained from the rate and disbursement policy. The Administrator charge out rate varies dependent on experience. The charge out rate used to calculate the above information is the charge out rate of the member of staff assigned to the case at the time the above estimate was calculated. As there are different levels of secretarial & support staff, with differing charge out rates, the highest charge out rate has been used for the purpose of this estimate.

Please note this estimate covers the whole period of Administration. It is not anticipated that further remuneration approval will be sought.

Grade	Hourly charge out rate (£)	SIP Column
Director/IP	500	Partner
Manager	410	Manager
Senior Administrator	310	Other Senior Professionals
Administrator	180 - 280	Other Senior Professionals
Secretarial & Support	140 - 250	Assistants & Support Staff

Appendix G

SIP 16 Report

GRAHAM JONES CRANES LIMITED

IN ADMINISTRATION

APPENDIX G

Disclosure to creditors on the pre-packaged sales of the Company's
business and assets in accordance with Statement of Insolvency
Practice 16

19 April 2022

CONTENTS AND GLOSSARY

1. Introduction
2. Statement of Insolvency Practice 16 – Pre-packaged sales in Administrations: An overview
3. Background information and events leading to the engagement of Administrators
4. Pre-appointment considerations including Statement of Insolvency Practice 16 key compliance points

Abbreviations

The following abbreviations are used in this document:

The Administrators	Kelly Burton and Robert Neil Dymond of Wilson Field Limited
IPs	Insolvency practitioner(s)
The Company	Graham Jones Cranes Limited – In Administration
CVA	Company Voluntary Arrangement
CVL	Creditors Voluntary Liquidation
WUC	Compulsory Winding Up / Compulsory Liquidation
ADR	Administrative Receivership
IA 1986	Insolvency Act 1986
SchB1	Schedule B1 to the Insolvency Act 1986
S	Section of the Insolvency Act 1986
P	Paragraph of Schedule B1 to the Insolvency Act 1986
IR 2016	Insolvency (England and Wales) Rules 2016
The Regulations	The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021
The Code	The Insolvency Code of Ethics 2020, based on the International Ethics Standards Board for Accountants (IESBA) Code.
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
The Proposals	The Administrators' proposals for achieving the purpose of Administration
EOS	Estimated outcome and comparison statement

WF	Wilson Field Limited
NDA	Non-Disclosure Agreement
SIP	Statement of Insolvency Practice
Holdings	G Jones Holdings Limited
Lifting	Graham Jones Contract Lifting Limited
Clwyd	Clwyd Properties Limited
Regency	Regency Factors Limited
HMRC	HM Revenue & Customs
TTP	Time to Pay Arrangement
WUP	Winding up petition
Grenke	Grenke Leasing Limited
GAJ	Graham Allan Jones
GRJ	Grant Richard Jones
RWJ	Ryan Wyn Jones
NOA	Notice of appointment of administrators
ASA	Asset sale agreement in respect of the equity in financed assets sold to Holdings
SPA	Sale and purchase agreement in respect of the business and assets of the Company sold to Lifting
QFCH	Qualifying Floating Charge Holder
PPP	The Pre-Pack Pool Limited
Charterfields	Charterfields Limited of Centurion House, 129 Deansgate, Manchester, M3 3WR
Ward Hadaway	Ward Hadaway LLP of 5 Wellington Place, Leeds, LS1 4AP
Linford Grey	Linford Grey Associates Chartered Certified Accountants of Unit 3, Cartwright Court, Forest Business Park, Cartwright Way, Bardon Hill, Coalville LE67 1UE
4R	4R Business Recovery of Manchester Business Park, 3000 Aviator Way, Manchester, M22 5TG
Praetura	Praetura Asset Finance

Liberty	Liberty Leasing
Kingsley	Kingsley Asset Finance
Haydock	Haydock Finance
BNP	BNP Paribas
Paragon	Paragon Finance
UTB	United Trust Bank

1. INTRODUCTION

To all known creditors

Following the appointment of Administrators on 11 April 2022, we are required to provide creditors with a detailed narrative explanation of the justification of the pre-packaged sale within 7 days of its completion, in accordance with SIP 16.

Following the appointment of Administrators on 11 April 2022, we are required to provide creditors with a detailed narrative explanation of the justification of the pre-packaged sale within 7 days of its completion, in accordance with SIP 16.

Unfortunately, this has not been feasible in this case, for a number of reasons. Firstly, the extent of the Administrators' reporting obligations under SIP 16 and P49 Sch B1 IA 1986 are vast and SIP 16 provides for just 7 calendar days to circulate both disclosures and reports to creditors. Due to the extent of these reporting obligations and the complexity of this case and the pre-packaged sales, it was not possible to adhere to these deadlines, particularly as the number of business days in the 7-calendar day period was reduced by two business days due to the Easter bank holidays in the United Kingdom on 15 and 18 April 2022, notwithstanding the weekend in between. Furthermore, the lead Administrator was out of the country and unable to sign off on the Proposals and SIP 16 disclosure before 22 April 2022 and owing to the complexity of the case and the extent of her involvement in the pre-packaged sales, it was inappropriate for her joint Administrator to sign off the Proposals and SIP 16 disclosure on her behalf. The Administrators do not consider that there has been any detriment to creditors in this respect and exceeding the deadline set in SIP 16 has allowed for a detailed, comprehensive, and compliant SIP 16 disclosure and Proposals to be circularised to creditors.

I set out in this document full details of the sale and reasons behind the decision for the sale and why it was considered to be in the overall best interests of the Company's creditors.

I can confirm that the transaction will enable the third statutory purpose of Administration to be achieved, that is making a distribution to one or more secured or preferential creditors. This purpose is set out in P3(1)(a)(c) of Sch B1 IA 1986.

The Administrators have prepared an EOS, comparing the financial outcome of the Administration to secured and preferential creditors via the pre-packaged sale to the likely position if the WUP which had been presented against the Company by Grenke was allowed to continue and the Company was wound up compulsorily and placed into WUC. This EOS shows that the Company's secured creditor, Regency, would face a shortfall in relation to their lending in a WUC scenario of £3,311 and realisations in WUC would be insufficient to enable a distribution to any class of creditor. Conversely, Administration and the pre-packaged sale will see Regency repaid in full under their fixed charge via collections of the factored debtor ledger, with a surplus of fixed charge assets estimated at £116,000. Similarly, Administration and the pre-packaged sale will enable a distribution to the Company's secondary preferential creditor, HMRC, which would not be available in WUC.

In summary, the pre-packaged sale has maximised realisations for the benefit of creditors across all asset categories, preserved the value in fixed charge assets such as goodwill which would have been lost entirely in a WUC scenario, minimised the Company's liabilities and preserved the employment of the Company's 35 employees. The Administrators are entirely satisfied that Administration and the pre-packaged sale will result in the best possible return to creditors which was realistically achievable in all the circumstances.

Should you require any further information regarding this report or the Administration in general please contact either Josh Wilde or Oliver Thompson of this office via telephone on 0114 235 6780 or via e-mail at j.wilde@wilsonfield.co.uk or o.thompson@wilsonfield.co.uk

2. SIP 16 – PRE-PACKAGED SALES IN ADMINISTRATIONS

An overview for creditors

What is a SIP?

The purpose of the SIPs is to promote and maintain high standards by setting out required practice and harmonising the approach of IPs to particular aspects of insolvency practice. They apply in parallel to the prevailing statutory framework contained in the IA 1986, IR 2016 and related legislation which are the prevailing statutory framework.

SIPs set principles and key compliance standards with which IPs are required to comply. Failure to observe the principles and/or maintain the standards set out in a SIP is a matter that may be considered by an IP's regulatory body for the purposes of disciplinary or regulatory action in accordance with that body's membership and disciplinary rules.

SIPs set out required practice, but they are not statements of the law or the obligations imposed by insolvency legislation itself.

What is a pre-packaged sale?

The term 'pre-packaged sale' refers to an arrangement under which the 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 transaction immediately on, or shortly after, appointment.

The particular nature of an IP's position in these circumstances renders transparency in all dealings of primary importance. Creditors and other interested parties should be confident that the IP has acted professionally and with objectivity. Failure to demonstrate this may bring the IP and the profession into disrepute.

What are the principles of SIP 16?

The IP should differentiate the roles that are associated with an Administration involving a pre-packaged sale.

Creditors should be provided with enough information such that a reasonable and informed third party would conclude that the pre-pack was appropriate and that the Administrator has acted with due regard to creditors' interests.

Key compliance standards

Preparatory work – The IP should be clear about the nature and extent of the role of adviser in the pre-appointment period. The IP should bear in mind the duties and obligations owed to both the company and the creditors in the pre-appointment period. The IP should keep a detailed record of the reason behind the decision to undertake a pre-packaged sale and all alternatives considered.

After appointment – The Administrator should be able to demonstrate that the duties of an Administrator have been considered.

Disclosure – The Administrator should provide creditors with a detailed narrative explanation of the justification of the pre-packaged sale within seven days of completion. The following information should be included:

- Source of the initial introduction to the IP;
- Pre-appointment considerations;
- Marketing of the business and assets;
- Valuation of the business and assets;
- Details of the transaction including the assets sold and the consideration received.

The SIP does not restrict an Administrator from not disclosing information in certain limited circumstances, in accordance with and under the provisions of IA 1986.

Further information

A copy of the SIP 16 prevalent for insolvencies in England and Wales can be found from the following link and selecting 'SIP 16 – Pre-packaged sales in Administrations (effective from 30 April 2021)'

<https://www.icaew.com/regulation/insolvency/sips-regulations-and-guidance/statements-of-insolvency-practice/statements-of-insolvency-practice-sips-england>

3. BACKGROUND INFORMATION AND EVENTS LEADING TO THE ENGAGEMENT AND ENGAGEMENT OF ADMINISTRATORS

Background information regarding the Company

- The Company was incorporated as a limited company on 16 March 2006, however, its business can be traced back as far as 1993. GAJ was appointed as director of the Company upon incorporation and acquired the Company's issued share capital at that time, in his personal capacity.
- The nature of the Company's business is mobile crane hire, servicing customers across North Wales and the North West of England from its head office at Rhosddu Industrial Estate, Wrexham, LL11 4YL ("the Property"), as well as a depot in Manchester. The Property is owned by Clwyd, a company associated to the Company by way of a common director and shareholder in GAJ. The Company occupied the Property on an informal basis, under an arrangement with Clwyd.
- The Company had access to an asset base comprising a fleet of all terrain cranes, truck mounted cranes, tractor units, trailers and vans which were used to fulfil customer hire orders. All of these items were subject to some form of financial encumbrance or third-party ownership, comprising principally hire and lease purchase agreements.
- Approximately two thirds of the Company's turnover, which is regular repeat business, is generated from house builders. Half of this turnover is produced from two well renowned national house builders Redrow and Taylor Wimpey, with the balance coming from smaller but still well-known developers such as Bellway and Keepmoat Homes. The remaining third of turnover is generated from ad-hoc orders within the quarry, shipyard and engineering sectors.
- The Company did not have any contracts in place with customers. All works were carried out by a purchase order on a project-by-project basis. Payment terms were typically thirty days from the end of the month invoiced, however, this is generally stretched to sixty days. The business model is based upon short term hire terms of anything between one to five days.

Events leading to the engagement of the Administrators

- Historically, the Company has traded profitably and has seen consistent, year on year growth, as the Company developed its presence in the sector and acquired a reputation for delivering a reliable and tailored service to its customers. However, in recent times the Company's business and financial performance has been significantly impacted by the outbreak of Novel Coronavirus (COVID-19), which was declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020. This resulted in the implementation nationwide lockdowns in the following 18 months which restrained the Company's ability to trade and also created depressed trading conditions generally in the house building, quarry, shipyard and engineering sectors.
- To demonstrate the impacts of COVID-19 on the Company's business, the Company's financial statements for the year ended 31 July 2019 showed turnover of just over £5,100,000. However, the Company's draft financial statements for the eighteen months ending on 31 January 2021 and management accounts for the year ended 31 January 2022 show that turnover had subsequently dropped to just under £3,700,000, a significant reduction in revenues for any business to suffer.

- The impacts of COVID-19 on the Company's business were compounded when a senior employee secured alternative employment in the Company's sector which resulted in further revenue reductions, as certain customers placed their business with the former employee's new employer.
- Furthermore, the Company expressed concerns about their retained Chartered Accountant at the time and the services being provided. Whilst the Company received extensive financial reporting and records from its accountant, the Company has advised that the figures failed to account for depreciation, interest charges and financial obligations properly. The director has advised that these failings detracted from his ability to make informed strategic decisions and compounded the Company's financial difficulties, following such significant reductions in revenue.
- As a result, the Company replaced its historic accountants and appointed Linford Grey with a view to improving planning, monthly and annual budgeting, management reporting and strategies for profitability and cashflow management. Overhead reduction programmes and other measures were introduced in an effort to improve financial performance.
- However, the declining revenues and financial performance of the business resulted in significant arrears accruing to HMRC, trade and expense creditors and other stakeholders. The Company negotiated a TTP with HMRC in order to defer payment of its arrears over a period of time. The TTP was negotiated with the assistance of 4R an insolvency, business rescue and turnaround consultancy business which is associated to Linford Grey.
- In addition, it was determined that the Company's asset base should be restructured, with redundant and unproductive assets removed from the balance sheet, as well as a restructure of the Company's asset holdings with a view to introducing a group structure under which the Company would trade alongside its ultimate parent company, Holdings, who acquired the Company's issued share capital on 23 July 2020, and an associated company known as Lifting, albeit trading under the style of Graham Jones Crane Hire Limited at the time.
- Part of this restructuring entailed Lifting (albeit trading under the name of Graham Jones Crane Hire Limited at the time) acquiring several wholly owned assets of the Company for a consideration of £150,000, which we have been advised was paid to the Company by Lifting, in or around September 2020. The Administrators have requested copies of the documentation in relation to this transaction, which will be reviewed in due course in conjunction with the Company's bank statements as part of the Administrators' statutory investigations into the affairs, financial position and asset base of the Company.
- This restructuring continued with the assistance of 4R and during the latter stages of 2021 and the early stages of 2022, the Company entered into discussions with the financiers of its tangible assets with a view to novating the agreements to Holdings, as part of the wider restructuring process. The Company therefore opened discussions with its principal financiers, Praetura, Liberty, Kingsley, Haydock, BNP, Paragon and UTB, to seek their consent to the relevant finance agreements being novated to Holdings. The Company was ultimately successful in agreeing and completing novations in respect of the assets held with Praetura, Liberty and Kingsley, with the equipment owner's consent. At the time of the transactions, no consideration was paid by Holdings to the Company in respect of any equity which may have been present in the finance agreements.

- On 22 February 2022, Grenke, an outstanding creditor of the Company in the sum of £75,979, presented a WUP against the Company in the High Court of Justice, Business and Property Courts in Leeds, Insolvencies and Companies List (ChD). Whilst the Company was not formally served with the WUP until 8 March 2022, the director was contacted by the telesales division of an IP who made him aware of the WUP immediately following its presentation and advised that it would be heard at Court on 12 April 2022.
- Upon being notified of the presentation of the WUP, the director sought advice by contacting 4R. 4R explained that one of the implications of the WUP was that any dispositions of the Company's property following presentation of the WUP would be void unless otherwise ordered by the Court. Therefore any ongoing discussions with the Company's financiers were immediately ceased and no further novations to Holdings were completed, leaving the Haydock, BNP, Paragon and UTB in the Company's ownership.
- 4R also explained the other, wider implications of the WUP to the director, in terms of the risk of the Company being wound up voluntarily and placed into WUC if the WUP debt, plus the costs of the petitioner, could not be settled prior to the hearing. The Company's financial position was such that the petition debt could not be settled prior to the hearing, meaning the prospects of the Company avoiding WUC, absent of urgent alternative action, were remote.
- This led to 4R referring to the director to WF, as licenced IPs, for independent, professional advice concerning the Company's financial position and insolvency options, following presentation of the WUP. This led to a discussion between Kelly Burton (licenced IP) and Nicholas Wilson, directors of WF, and the director of the Company, GAJ, along with his advisor from 4R on 22 February 2022.
- During this call, the Company's affairs were discussed and WF advised the director that whilst alternatives could and would be considered, it appeared that Administration was the Company's optimum insolvency option, as a means to avoid the WUP and the Company entering WUC. The WUC process was explained to the director and he was advised that continuance of the WUP would significantly reduce potential realisations of the Company's assets and therefore substantially compromise potential returns to creditors as a consequence of the Company's insolvency. The director's duties to act in the best interests of and minimise the potential loss to creditors as a result of the Company's insolvency were explained and the director confirmed his verbal agreement to engage WF for Administration proceedings during this call.
- This led to WF undertaking initial conflict and ethical assessments and issuing their engagement letter for Administration proceedings to the director for consideration, along with introductory e-mail and written confirmation of the recommendation for Administration proceedings. The director subsequently signed this engagement letter and formally confirmed instructions to WF to commence Administration proceedings on 23 February 2022.

4. Pre-appointment considerations including Statement of Insolvency Practice 16 key compliance points

The Administrators' initial introduction

- As referred to above, the source of the Administrators' initial introduction was 4R, an advisor to the Company, who referred GAJ to licenced IPs from Wilson Field for professional advice concerning the Company's financial position and insolvency options, following the issue of the WUP.
- The presentation of the WUP against the Company clearly demonstrated that the Company was insolvent within the definition contained within S123 IA 1986. It was therefore appropriate for the Company to enter a formal insolvency procedure and it was clear that a rescue-based insolvency procedure, such as Administration, would maximise realisations for the benefit of creditors and secure a significantly enhanced return to them via Administration than would be likely in the event of continuance of the WUP and the Company being wound up voluntarily and placed into WUC. Administration was therefore determined as the appropriate insolvency option for the Company and the Administrators were engaged in this respect on 23 February 2022.
- Prior to being consulted with regard to the Company's insolvency, WF and the Administrators have had no significant prior personal or professional relationship with the director of the Company or its shareholder which would prejudice their objectivity to act on the Company's instructions for Administration proceedings.
- The Administrators undertook a full-scale assessment of their obligations under The Code prior to accepting the Company's instruction, which included an assessment of the five fundamental principles of The Code and any threats to the same arising from the Administrators' instruction. No unmanageable threats to fundamental principles of The Code were identified by this assessment which cannot be managed by continued professional competence and due care and no circumstances have been identified which would prejudice the Administrators' objectivity to accept the Company's instructions for Administration proceedings or perform their functions as appointed Administrators.

Determination of optimum realisation strategy

- During initial discussions with the director, it was agreed that having considered all the options, a going concern sale of the Company's business and assets offered the best prospect of maximising realisations for the benefit of creditors, as well as reducing its liabilities.
- It was agreed that this would be explored by running an Accelerated Merger and Acquisition ("AMA") process to establish any interest in the business. It was intended that the AMA process would conclude in an Administration appointment and a pre-packaged sale of the Company's business and assets. GAJ confirmed his interest in participating in this process as an interested party and indicated he was interested in making an offer for business and assets via Holdings and/or Lifting.

- Charterfields, a firm of Royal Institute of Chartered Surveyors (“RICS”) qualified and registered international asset consultants, were instructed by the Administrators to prepare an appraisal of the value in the Company’s business and assets and to provide marketing recommendations, with a view to complying with the marketing essentials set out in SIP 16 where a pre-packaged sale is considered. Details of the valuation and marketing of the Company’s business and assets can be found later in this report.

The Administrators’ pre-appointment involvement

- At all times, the Administrators have acted in compliance with their statutory duties and best practice guidelines and have adhered to all relevant professional codes of conduct.
- The scope of the Administrators’ work in relation to the Company’s instruction included but was not limited to the following:-
 - Advice to the director in relation to the appointment of the Administrators;
 - Compliance with significant statutory obligations under IA 1986, Sch B1 to IA 1986, IR 2016, the SIPs, The Regulations and The Code and related legislation, including internal checklists, assessments (risk and otherwise) and other compliance related matters;
 - Liaison with Regency as the QFCH with regard to, amongst other things, the issue of the WUP, its implications, their support of the business during the AMA hiatus period, the Administration strategy, the valuation and marketing of the Company’s business and assets and the ultimate pre-packaged sales. This included inviting Regency to appoint the Administrators and place the Company into Administration under P14 Sch B1 IA 1986;
 - Assistance to the director and Charterfields in preparing a business for sale advert and sales memorandum to market the business and assets for sale, together with supporting information which was made available to potential interested parties;
 - Conduct negotiations with potential interested parties as appropriate with a view to the sale of the business and assets, including providing the Company and Regency with regular updates on the sale process and the status of interested parties;
 - Consideration of contingency plans in the event that a sale of the Company’s business and assets as a going concern was not achievable;
 - Extensive liaison with solicitors and agents;
 - Dealing with all matters in connection with our statutory obligations, including but not limited to those contained within SIP 16 and The Regulations, in order to effect the sale of the Company’s business and assets immediately upon the appointment of Administrators;
 - Obtaining and reviewing financial information obtained from the Company’s Xero accounts package, amongst sources, to identify and determine the financial position of the business and allow estimated outcome and comparison statements to be prepared;

- Provision of advice to the Company on any other matters we considered should be brought to it and the director's attention;
 - Maintenance of case files;
 - All other work necessary to prepare the Company for entering Administration.
- At this stage, the Administrators' primary duty of care was to the Company and its creditors but included consideration of the director's fiduciary duties to act in the overall best interests of all the Company's creditors and other stakeholders. Until the appointment of the Administrators, the directors continued to be responsible for the Company and its affairs and neither WF, nor the Administrators, nor any other IP from WF have advised the director or any party connected to the purchaser personally, all of whom were encouraged to seek independent advice.
 - Advice provided to the director was limited to advising him on matters surrounding the financial position of the Company and steps that could, and were, being taken to preserve asset values.

Valuation, marketing and sale timescales

- Below is a timeline of the key events which culminated in the pre-packaged sales of the Company's business and assets:-
 - **22 February 2022** – Initial verbal instructions to Charterfields, RICS qualified and registered international asset consultants;
 - **23 February 2022** – The Administrators were formally engaged by the Company for Administration proceedings;
 - **24 February 2022** – GAJ, the director of the Company, was introduced to Charterfields for the purposes of completing a valuation of the Company's business and assets;
 - **2 March 2022** – Meeting held between Charterfields and the Company to prepare a valuation of the Company's business and assets;
 - **2 March 2022** – Discussions opened with Regency concerning the Administrators' engagement and proposed realisation strategy, amongst other things;
 - **2 March 2022 to 11 March 2022** – Significant correspondence between the Company, the Administrators and Charterfields as the Company submits information required by Charterfields to complete their valuation. TUPE and other financial information collated and prepared by the Administrators;
 - **11 - 14 March 2022** – Verbal indications of the likely value of the Company's business and assets received from Charterfields. Marketing recommendations discussed and marketing strategy agreed;

- **15 March 2022** – Business for sale advert and sales memorandum approved for release and publication. Given the WUP, its imminent hearing, the financial position of the Company and the legislative timescales associated to concluding a pre-packaged sale, in particular to a connected party, the deadline for quantified expressions of interest was set for 12 noon on Friday 18 March 2022. Marketing goes live that day;
- **16 March 2022** – Charterfields formal business appraisal letter and recommendation received;
- **17 March 2022** – Expressions of interest received and dealt with, including information provisions, answers to queries and furthering of their interest;
- **18 March 2022** – As discussions were ongoing with interested parties, it was agreed to extend the deadline for submission of offers until 11am on 21 March 2022;
- **21 March 2022** – Conference call held with advisors to GAJ to discuss the basis and format of offers for the Company's business and assets which he intended to submit via Holdings and Lifting;
- **21 March 2022** – Initial offer received from Holdings and Lifting is considered by the Administrators and Charterfields and ultimately rejected, due to quantum and payment terms. Conference call arranged to discuss further;
- **21 March 2022** - Negotiations with Holdings and Lifting continue as their offer is fine tuned and negotiated up in terms of value and payment terms;
- **21 March 2022** - Best and final offers received from Holdings and Lifting are considered by the Administrators and Charterfields. Again, rejected due to long tailed payment terms, revised offers requested;
- **22 March 2022** – Revised formal offer received from Holdings and Lifting which is formally accepted, subject to contact. Instructions provided to Charterfields to prepare Heads of Terms in respect of the proposed sales, initial instructions to Ward Hadaway as the Administrators' solicitors. Update to Regency on the outcome of the marketing process and acceptance of the offers, preparation and issue of documentation to GAJ in his capacity as a connected party purchaser to comply with The Regulations. All other matters expedient to progressing the proposed sale are completed;
- **22 March 2022** – Heads of Terms finalised and submitted to the solicitors acting. Draft NOA prepared for Regency's execution in order to place the Company into Administration under P14 Sch B1 IA 1986;
- **22 March 2022 – 28 March 2022** – Extensive correspondence with the solicitors and other professionals involved in this transaction with regard to the drafting of a ASA for the sale to Holdings and a SPA for the sale to Lifting. Drafts issued to the buyers' solicitor on 28 March 2022;

- **30 March 2022** – Holdings and Liftings confirm that they have made a submission to the PPP, an independent Evaluator as defined in the Regulations, for a qualifying report on the merits of the sales;
- **30 March 2022 to 31 March 2022** – The Administrators, Holdings and Lifting enter into extensive correspondence with the Evaluator at the PPP which included numerous queries and information requests to allow them to consider Holdings and Lifting's application;
- **31 March 2022** – Evaluator's report in compliance with The Regulations received from the PPP confirming that there were reasonable grounds for the substantial disposal and providing a positive opinion on the proposed pre-packaged sales;
- **1 April 2022** – PPP Evaluator's qualifying report reviewed to ensure it meets the requirements of the Regulations and confirmation that it does;
- **1 April 2022** – Initial comments on the ASA and SPA received from the buyers' solicitor, substantial amendments requested and considered by the Administrators and their advisors;
- **4 April 2022 to 7 April 2022** – Extensive correspondence exchanged between the various parties involved in this matter agreeing the terms of the ASA and SPA, agreement eventually reached between all parties;
- **7 April 2022** – Full report submitted to Regency for their consideration including (amongst other things) a summary of all actions taken by the Administrators' following their engagement, all documentation relating to the sale and marketing process, an EOS, the agreed ASA and SPA, a draft NOA and the Administrators' consents to act and an invitation from GAJ to Regency requesting that they enforce powers contained within their debenture to place the Company into Administration under P14 Sch B1 IA 1986. Subsequent correspondence and dialogue with Regency;
- **8 April 2022** – Sworn NOA and Deed of Release received from Regency, allowing the Company to be placed into Administration and the Company's business and assets to be sold to lifting with clear title. Arrangements made for payment of the completion funds and other matters necessary to complete the sale. Arrangements made for completion as soon as was reasonably practicable;
- **11 April 2022** – NOA filed at Court and the Company placed into Administration by Regency, in its capacity as QFCH pursuant to P14 Sch B1 IA 1986. Immediately thereafter, the ASA and SPA was completed and the pre-packaged sales to Holdings and Liftings were finalised.

Appointment of the Administrators

- It became clear at an early stage that an Administration appointment was likely and in order to protect the underlying value in the Company's business and assets, to preserve jobs and to minimise creditor claims, a pre-packaged sale should be sought via the AMA process. The director therefore instructed the Administrators to assist them in marketing the Company's business and assets for sale on this basis, with a view to completing a sale immediately following the Company being placed into Administration.
- Prior to our appointment as Administrators we are required to consider any ethical and conflict issues in relation to the appointment and provided we are satisfied that there are no matters arising that would preclude us consenting to act, we must provide a statutory statement and consent to act in which any prior relationship between the Company and the Administrators is summarised. This statement is subsequently filed at Court.
- Following appointment, the Administrators' duty of care is to all the Company's creditors as officers of the Court and agents of the Company, taking over from the board of directors the responsibilities of managing the affairs, business and property of the Company. In the interests of creditors as a whole and mindful of the need to achieve a statutory purpose of Administration, the sale set out in this disclosure was concluded.
- One of the issues facing the Company in this instance was that the presentation of the WUP by Grenke removed the director's and the Company's ability to place the Company into Administration under P22 Sch B1 IA 1986. As a result, it was necessary for the director of the Company to make a formal request to Regency, in its capacity as QFCH, that they enforce powers contained within their debenture to place the Company into Administration under P14 Sch B1 IA 1986, to allow the pre-packaged sales to complete and the WUP and WUC to be avoided. There was insufficient flexibility on timings and it was not cost effective to make an application to Court for the appointment of the Administrators when an out of Court route was available.
- There was no Notice of Intention to appoint Administrators ("NOI") filed in this case as Regency were the Company's only QFCH and therefore there was no senior QFCH for Regency to formally notify their intention to appoint the Administrators to.
- Kelly Anne Burton and Robert Neil Dymond, licenced IPs authorised and regulated by ICAEW, were appointed as the Administrators of the Company on 11 April 2022.

Purpose of the Administration

- In accordance with P3 Sch B1 IA 1986 an Administrator of a company must perform his functions with the objective of:
 - a) Rescuing the Company as a going concern;
 - b) Achieving a better result for the Company's creditors as a whole than would have been likely if the Company were wound up (without first being in Administration);

- c) Realising property in order to make a distribution to one or more secured or preferential creditors.
- Based on current information and the EOS prepared by the Administrators, the purpose of this Administration will be to achieve purpose (c), that is realising property in order to make a distribution to one or more secured or preferential creditors. In practice, this purpose will be achieved by the Administrators making a partial distribution to the Company's secondary preferential creditor, HMRC. In addition, the Administration and the pre-packaged sales will permit full payment of the indebtedness to the Company's QFCH and secured creditor, Regency, via the collection of the factored debtor ledger, realisations of which will be maximised by the continuity of service to customers permitted by the pre-packaged sale.
 - Further details of the purpose of Administration and why purposes (a) and (b) cannot be achieved are contained within the Proposals.

Alternative courses of action considered

- Due to the deterioration in the Company's revenues in recent times, the Company accrued significant historic arrears to HMRC, trade and expense creditors, financial institutions and other stakeholders. The Company was insolvent on a cashflow basis in that the Company was unable to repay all of its liabilities as and when they fell due for payment.
- Similarly, Grenke, an outstanding creditor, had presented a WUP against the Company which was due to be heard on 12 April 2022. Had the WUP been allowed to continue, it is likely that the Company would be wound up compulsorily and placed into WUC. The impact of this on potential realisations of the Company's assets and therefore returns to creditors as a result of the Company's insolvency would have been catastrophic, as demonstrated by the Administrators' EOS which demonstrates that there would be a shortfall to Regency as QFCH and no prospect of a dividend to any class of creditor in a WUC scenario.
- With these arrears and the WUP considered, alongside the continued loss-making position of the Company, it was clear that the Company could not continue to trade in its current form in the short, medium or long term. To avoid the significant downturn in realisations and returns to creditors in WUC, the director was advised of his fiduciary duty to preserve asset values and act in the best interests of the Company and its creditors by taking urgent action to avoid WUC, leading to the Administrators' engagement by the director for Administration proceedings.
- Several alternative courses of action were of course available but were impractical or unviable for a number of reasons. These alternative courses of action are explained below:-
 - **CVA** – Due to the continued trading losses being incurred by the Company, it was not possible to provide cashflow forecasts for the Company's future trade that would support even contemplating a proposal for a CVA. This, combined with the scale of the Company's secondary preferential creditors, made a proposal for a CVA impractical in this instance.

- **Moratorium process under the Corporate Insolvency and Governance Act 2020** - A moratorium process was considered and discounted for the same reasons as CVA.
 - **CVL or WUC** – The problems surrounding WUC and the impacts the continuance of the WUP would have had on returns to creditors in this matter are identified throughout this disclosure and are not repeated here. Whilst CVL was a viable option and was discussed, the Company's principal asset was its goodwill and the cessation of trading activities prevalent in CVL would have dissipated the value in this asset and compromised returns to creditors as a result of the insolvency.
 - **Continued trade in Administration** – There are a multitude of reasons why continued trade in Administration was not a viable option. One significant factor was the loss-making nature of the Company's business, which would likely have resulted in trading losses being incurred in Administration (particularly when the professional costs associated to the Administrators trading the Company's business in Administration are considered), diminishing potential returns to creditors. Other issues making continued trade in Administration futile included a lack of funding to support losses and significantly enhanced professional costs, the ownership of the Property, the novations of key financed assets to Holdings and the fact that the business was likely to have a significantly enhanced value to a connected party purchaser. In practice and given the circumstances described in this disclosure, the tangible prospects of a going concern sale to an unconnected party in this instance were, in reality, speculative at best. Continued trade in Administration would therefore be cost prohibitive and futile. Given that trade in Administration was not a viable strategy, no requests were made to potential funders for working capital requirements for an Administrators' trading period.
 - **ADR** – ADR was not a viable option as it is an insolvency process which can only be instigated by a debenture holder with security creation pre-dating 15 September 2003 and the implementation of the Enterprise Act 2002. Here, the security in favour of Regency was created on 6 September 2021 and therefore their charge did not allow for the appointment of Administrative Receivers.
- Creditors requiring guidance on Corporate Insolvency Measures and any of the procedures referred to above should refer to the following link to the ICAEW website, which provides definitions of frequently implemented cases of corporate insolvency and some of the other options considered in this instance <https://www.icaew.com/regulation/insolvency/understanding-business-restructuring-and-insolvency/corporate-insolvency-measures> .
 - Given these positions, the course of action agreed with the Company was to market the Company's business and assets for sale and identify potential bidders, with a view to completing such a sale via a pre-packaged sale in Administration. This was expedient to maximising realisations of the Company's assets across all categories, minimising the liabilities of the Company, enhancing returns to creditors and potentially preserving the employment of its 35 employees.

- There is no doubt that Administration and the pre-packaged sales have achieved the best possible outcome to creditors that was realistically achievable in all of the circumstances set out in this disclosure.

Consultation with major creditors

- Regency hold a debenture incorporating a fixed and floating charge over all assets and undertakings of the Company which was created and registered on 6 September 2021 and 7 September 2021 respectively.
- The debenture secures Regency's lending under a factoring agreement with the Company. At the date of the Administrators' appointment, Regency were owed £29,905 which was prior to the termination fees and charges they would be entitled to apply as a consequence of the Company entering Administration.
- As referred to previously, Regency, as the Company's secured creditor and QFCH were consulted throughout the period following the Administrators' engagement and their appointment being confirmed.
- Regency were fully consulted with regard to the proposed pre-packaged sales and were provided with all documentation relation to the marketing and sale process. They consented to the transactions by providing a Deed of Release to allow the Company's business and assets to be sold to Holdings and Lifting free of the encumbrance of their security and ultimately placed the Company into Administration to allow the pre-packaged sales to complete.
- Consideration was given to consultation with HMRC as the Company's secondary preferential creditor and the principal beneficiary of the surplus asset realisations in this case, once the costs of Administration are taken into account. However, in our experience, HMRC rarely engage promptly with pre-appointment consultation with regard to proposed pre-packaged sales and given the proximity of the WUP hearing and the very real risk of WUP, no consultation was undertaken with HMRC.
- The Company's largest creditor in value is Clwyd, who have an unsecured claim in the sum of £706,141. Clwyd is a company associated to the Company by way of a common director and shareholder in GAJ. Naturally, given GAJ's involvement in the sale process, Clwyd were aware of the proposed pre-packaged sale.

Previous acquisitions from an IP

- The Company's business and assets have not been acquired from a previous insolvency process, within the previous 24 months or otherwise.

Marketing activities undertaken

- There was no deviation from the marketing essential set out in SIP 16 in this case. The marketing strategy employed was based upon recommendations received from Charterfields.

Broadcast

- The business was marketed for sale via the business for sale section of Charterfields' website, as well as the sale advert being distributed on Charterfields' social media pages and details of the opportunity being posted on the LinkedIn Plant and Machinery Group and Business Recovery page.
- Furthermore, Charterfields sent a mailshot in respect of the opportunity to a mailing list acquired from MailChimp with over 4,000 potential interested parties, along as additional parties identified by Charterfields' own market and sector research.
- Finally, the opportunity was posted on IP-Bid.com, the UK's leading insolvency marketplace for listing distressed asset and business sales in insolvency scenarios. There are more than 5,000 potential interested parties registered with IP-Bid.com.
- The Administrators are satisfied that these marketing activities made the business's availability known to the widest group of potential purchasers in the time available.
- The marketing activities were instigated on 15 March 2022 and given the WUP, its imminent hearing, the financial position of the Company and the legislative timescales associated to concluding a pre-packaged sale, in particular to a connected party, the deadline for quantified expressions of interest was set for 12 noon on Friday 18 March 2022. As negotiations were ongoing with interested parties, this deadline was later extended to 11am on 21 March 2022.
- Following marketing, we received twenty expressions of interest from independent third parties. All of these parties were issued with a NDA to sign, allowing them to receive the sales memorandum and further details of the opportunity. Thirteen signed NDAs were received and these parties were provided with the sales memorandum.
- There was engagement with just one independent third party following issue of the sales memorandum, as the overwhelming majority of the interested parties became aware of the significant challenges facing any unconnected party considering a going concern acquisition of the Company's business and assets. This party requested further information which was supplied but we did not receive any further contact from this party, nor any formal offer.

Justify the marketing strategy

- The marketing platforms selected in this case were appropriate as the business for sale section of Charterfields' website and IP-Bid.com have a broad audience of potential interested parties and offer an excellent population when compared to other mediums. Both platforms use the internet, which is a marketing essential in SIP 16.
- The marketing activities employed also used social media platforms, with specific postings on Charterfields' social media channels and posts in the Plant and Machinery Group and Business Recovery Page on LinkedIn. Social media is a good way of marketing an opportunity and offers significant reach and the ability for users to share the posts with other users.

- Furthermore, Charterfields' mailshot was distributed to over 4,000 potentially interested parties and the mailing list employed was bespoke to the Company's sector, with a view to identifying as many interested parties as possible. This database was bespoke to the Company and tailored to parties likely to have an interest in the Company's sector and asset base.
- Given the size and nature of the business and the significant challenges facing any unconnected party wishing to acquire the Company's business and assets on a going concern basis, the Administrators are satisfied that the marketing strategy was appropriate in the circumstances and reached as many credible, potential interested parties as was realistically achievable in the time available.
- The marketing activities attracted minimal costs and will not burden the estate with what can be significant marketing expenses associated to advertising on other platforms, which were unlikely to be proportionate to the benefit they offered given the Company's circumstances.
- The short period of marketing was necessitated by creditor and cashflow pressure and the nature of the Company's business, because any interruption in the trade would significantly damage key relations with the customers and the recoverability of debtors.
- Similarly, the imminent hearing of the WUP and the significant legislative challenges facing an IP wishing to conclude a pre-packaged sale (particularly to a connected party) in the current climate meant that a reasonable period of time following the deadline for bids would be required to complete legal and statutory formalities of completing the sale. This proved to be the case, as despite best efforts to conclude a sale as soon as was reasonably practical, it was ultimately not possible to complete until 11 April 2022, the day prior to the WUP hearing and 21 days after the extended deadline for bids.
- The Administrators are satisfied that their marketing activities ensured that the Company's business and assets were marketed as far and wide as possible, proportionate to the nature and size of the business and the assets being offered for sale.

Independence

- No marketing of the Company's business and assets was carried out by the Company or any other party associated to it prior to the instruction of the Administrators.
- The marketing and sale process has been carried out with the full cooperation of the director and we have no concerns arising from the ruling in *RE: Ve Vegas Investors IV LLC v Shinnars* [2018] EWHC 186 (Ch), which implied a conflict of interest in all connected party pre-packaged sales. None of the circumstances of that ruling are applicable to this sale process.
- Charterfields were engaged for independent, professional advice on the nature and extent of the Administrators' marketing activities, which satisfies the Administrators as to the adequacy and independence of the marketing activities which is a requirement of SIP 16.

Publicise rather than simply publish

- The business and assets were exposed to the market via social media, the internet and the business for sale flyer which was distributed to Charterfields' mailing list. These marketing platforms comply with SIP 16.
- The reasons for the duration of the marketing campaign have been explained in the *Justify the marketing strategy* section of this disclosure and are not repeated here to avoid repetition.

Connectivity

- SIP 16 requires online marketing communications alongside other media by default and requires the IP to provide a justification where the business has not been marketed via the internet.
- Here, and as previously reported, the internet has been used to support the Administrators' marketing activities and this justification is not required.

Comply or explain

- The marketing strategy here was an expedient to achieving the best available outcome for creditors in all the circumstances, via the pre-packaged sale.
- The marketing activities exposed the opportunity to the market and generated reasonable levels of independent third party interest, albeit none of this interest generated formal offers given the considerable challenges facing unconnected purchasers.
- Whilst the offers received and accepted for the Company's business and assets were not generated by their marketing activities, in that they were from a connected party, the marketing activities were essential to comply with SIP 16 and assess third party interest in the business and assets, even if the prospects of sale to a connected party were, in reality, remote given the Company's circumstances.

Marketing summary

- The marketing strategy will result in the best outcome for creditors and any longer period of marketing would have likely resulted in the Company being wound up and placed into WUC at the hearing on 12 April 2022, resulting in cessation of trade and a substantial reduction in the level of realisations and returns to creditors in this matter.

Valuation of assets

- Christopher Eckersley, MRICS, an associate director of Charterfields, was instructed by the Administrators to appraise the likely value of the Company's business and assets on both an in-situ and ex-situ basis. Prior to accepting the instruction, Charterfields confirmed their independence and advised that they carry adequate professional indemnity insurance of £5,000,000. Chris Eckersley is fully RICS qualified and registered is a member of the RICS and has over 20 years' experience in valuing business assets of this nature.

- The tangible assets were valued on an in-situ/going concern basis (value to the business) and an ex-situ/forced sale basis (auction value). The Company's tangible assets comprised a fleet of all terrain cranes, truck mounted cranes, tractor units, trailers and vans, all of which were subject to some form of financial encumbrance or third party ownership. The Company did not wholly own any office furniture and equipment, plant and machinery and motor vehicles and whilst it did have a quantity of stock, this comprised various crane parts, air filters, fuel filters, cabling, break shoes, light lenses, hydraulic hoses, bearings, break chambers and a few truck tyres which had a cost value of circa £5,000.
- In relation to the financed assets, accounting for the overwhelming majority of the Company's tangible asset base, it was determined that the likely value of the assets will be the same in both an in-situ and ex-situ scenario, however, the substantial difference between the valuation bases would depend on the format and structure upon which the financed assets are sold and whether or not the financiers who have more than one agreement are able to consolidate their lending across the agreements, rather than considering the position and appraising equity in the agreements individually.
- As such, Charterfields' valuation on an in-situ basis appraised the equity in the finance agreements on an individual basis, maximising the positive equity in the agreements for the benefit of creditors, where their ex-situ valuation assumed that the financiers would have the ability to consolidate their lending across a number of agreements, reducing the equity levels available to creditors.
- In addition to the tangible assets of the business, as described above, Charterfields were also instructed to appraise the likely value of the Company's intangible assets, comprising work in progress, order book, intellectual property and goodwill. Based upon Charterfields' advice, the majority of the realisable value in the Company's asset base related to these intangible assets.
- Creditors should note that Charterfields' valuation was not undertaken in accordance with RICS valuation guidelines, as it did not relate solely to tangible assets and was prepared to facilitate the sale of the Company's business and assets to a potential purchaser, for a sum commensurate to Charterfields' opinion of business worth on the open market. The Administrators are satisfied that Charterfields' valuation and valuation bases were sufficient for their purposes and to consider the merits of the pre-packaged sales.
- Charterfields' valuation is summarised as follows:-

Nature of asset	In-situ (£)	Ex-situ (£)
Equity present in financed assets	55,000	26,350
Intellectual property and associated goodwill	100,000 – 150,000	1,000
Stock	5,000	1,000
Work in progress	2,000	0
Forward order book	2,000	500
Total	164,000 – 214,000	28,850

- Where goodwill and intellectual property is valued, SIP 16 requires us to provide an explanation and basis for the value given.
- There are no trademarks, patents or designs registered or pending on behalf of the Company. Therefore, its intellectual property is limited to the Company's name and trading style, customer listings, web domain contents and Company mobile telephone numbers. However, the website domain name grahamjonescranes.co.uk is owned personally by GAJ and that the website and main land line telephone numbers are owned by Holdings. There is therefore no significant value in the Company's intellectual property, particularly to a third-party unconnected purchaser.
- In relation to the goodwill of the business, Charterfields specifically comment that it is particularly difficult to provide a guide as to what would be expected to be achieved on the open market. Charterfields analysed data relating to the Company's financial performance in an effort to appraise this asset but it became apparent that the figures were in some cases unreliable and could not be depended upon to accurately evaluate the worth of the Company's goodwill.
- Charterfields advised that the goodwill of the business would be related to the income and profit of the business and that it should be considered as a function of these factors. Therefore, based upon turnover levels which have fallen to circa £3,700,000 in 2022 from circa £5,100,000 in 2019, Charterfields estimated the goodwill of the business to have a worth between £100,000 and £150,000 depending on circumstances.
- Charterfields also advised that GAJ and RWJ are key to the income generated by the business, due to their long-standing personal relationships with the Company's customers. Charterfields therefore reported that goodwill would have a greater value to them or entities connected to them than to any unconnected third party. The value of goodwill depends entirely upon the Company continuing as a going concern and any value in this asset would be lost entirely upon Liquidation or the Company otherwise ceasing to trade.
- It should be noted that Charterfields' ex-situ valuation does not take into account the costs which would be incurred in the recovery and disposal of the Company's assets and these costs are conservatively estimated to amount to circa £7,500, plus the repatriation costs of the various cranes. This would reduce the net ex-situ valuation to a sum less than £21,350. Furthermore, there was a very real risk that upon cessation of trade and an ex-situ disposal, the owners of the financed assets could repossess the same and may eliminate any equity present, further reducing potential realisations on a breakup basis compared to the outcome achieved via the pre-packaged sales.

Offers received and further negotiations

- On 21 March 2022, initial offers were received from Holdings and Lifting to acquire the equity present in the financed assets via Holdings and the Company's stock, work in progress, order book, intellectual property and goodwill. Holdings and Liftings are the only parties who elected to submit formal offers for the Company's business and assets.
- These offers were considered by the Administrators and Charterfields and rejected out of hand, due to quantum and the proposed payment terms. Later that day, Holdings and Lifting submitted revised and improved offers for consideration but these were again rejected, for similar reasons.

- This led to a best and final offer being submitted by Holdings and Lifting on the morning of 22 March 2022, which was ultimately accepted subject to contract. The offer was broken down as follows:-

Holdings

Equity present in financed assets	£50,000 plus VAT
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Lifting

Goodwill	£110,000*
Intellectual property	£6,000*
Customer list	£2,000
Work in progress	£2,000
Stock	£5,000

Total	£175,000
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- Assets marked with a * are subject to Regency's fixed charge. All other assets are subject to Regency's floating charge.
- In relation to Holdings' offer for the equity present in the financed assets, it provided for the consideration of £50,000 plus VAT to be paid in full upon completion of the sale.
- However, the payment terms associated to Lifting's offer were fully deferred, with the consideration being paid by way of 8 monthly instalments of £4,000, payable on the last working day of each month following completion (£32,000), followed by a bubble payment of £93,000 to be paid on the last day on month 8. The deferred consideration was supported by a personal guarantee from GAJ. As part of the sale, Lifting would take a transfer of the employees' contracts of employment, mitigating employee termination claims estimated to total £202,109.
- The offers described above were accepted subject to contract following recommendations from Charterfields and solicitors were instructed to prepare an ASA to facilitate the sale to Holdings and a SPA to facilitate the sale to Lifting.

The transaction

- The transaction completed on 11 April 2022, immediately following the Administrators' appointment.

Purchaser and related parties

- Both Holdings and Lifting are connected parties within the definitions contained in the IA 1986. Details of their connection can be found below:-

Holdings

- Connected to the Company in accordance with the definitions contained in S435(6)(a) IA 1986.

- This is because GAJ is the director and beneficial owner of the Company and is the director and beneficial owner of Holdings. The aforementioned section of the Act sets out when a company is an associate of another company and states that if “the same person has control of both, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other” then that company is an associate of the other. Holdings meets these criteria, making it a party connected to the Company.

Lifting

- Connected to the Company in accordance with the definitions contained in S435(6)(a) IA 1986.
- This is because GAJ is the director and beneficial owner of the Company and GRJ and RWJ are relatives, in that they are his sons. It is also noted that GAJ appears to be the beneficial owner of Lifting, by virtue of his shareholding. The aforementioned section of IA1986 sets out when a company is an associate of another company and states that if “the same person has control of both, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other” then that company is an associate of the other. Lifting meets these criteria, making it a party connected to the Company.
- The Administrators consider that the disclosures above comply with our obligations under SIP 16 to disclose any connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates and is also sufficient by way of disclosure to give the names of any directors, former directors or their associates who are involved in the management, financing or ownership of the purchasing entity or of any other entity into which any of the Company’s assets are transferred.

Evaluator’s Report

- Upon acceptance of the offers received from Holdings and Lifting, letters were sent to both parties explaining why they were considered to be connected to the Company and explained that following acceptance of their offers for the Company’s business assets, they had a statutory obligation to obtain an independent qualifying Evaluator’s Report on the proposed sales before the pre-packaged sales, or “substantial disposals” using definitions contained in the Regulations, could complete. Holdings and Lifting were also advised that whilst there were two proposed purchasers in this instance, only one qualifying report is required where multiple connected parties are involved in the same substantial disposal.
- A copy of the independent Evaluator’s Report from the PPP is attached. The Evaluator has confirmed that they hold professional indemnity insurance and have the relevant knowledge, experience and independence to provide the Evaluator’s Report and the Administrators are satisfied that the Report meets the requirements of the Regulations.
- Creditors will note that the PPP’s Evaluator’s Report confirms that there were reasonable grounds for the substantial disposal and provided a positive opinion on the proposed pre-packaged sales. The Administrators were therefore able to progress and complete these transactions in accordance with the Regulations.

Viability statement

- The viability statement prepared by Holdings and Lifting as part of its application to the PPP for an Evaluator's Report is enclosed, in compliance with SIP 16.

Other disclosures required under SIP 16

- This is a transaction that impacts more than one related party, as the business and assets have been sold to two separate connected parties in Holdings and Lifting. The Administrators consider that this disclosure is sufficient to enable a transparent explanation of the transactions and do not consider any further disclosure necessary.
- GAJ had personally guaranteed the Company's indebtedness to Regency under the factoring facility. The Administrators understand that Regency are financing both Holdings and Liftings and that again, GAJ has personally guaranteed their lending to those organisations.
- The nature of the transactions are in relation to Holdings a sale of assets and in relation to Lifting, a going concern sale of the Company's business and assets. Details of the assets involved have been disclosed previously
- The consideration and payment terms have been explained previously and there are no conditions that could materially affect the consideration, with the exception of an anti-embarrassment clause in the Administrators' favour which provides for additional consideration to be paid by Holdings and Lifting in the event of onward sale of the assets they acquired in certain timescales. Creditors requiring further information in this respect should contact the Administrators.
- The breakdown of the consideration between asset categories has been provided previously and the method for allocation of value between said categories was agreed based upon the valuation of Charterfields, which broadly reflected the apportionment of value in the ASA and SPA.
- There are no options, buy-back agreements or other conditions attached to the transactions. There are deferred payment terms which have been reported previously.
- The deferred consideration payable by Lifting has been personally guaranteed by GAJ.
- The sales are not part of a wider transaction.

Evaluators Report on proposed pre-packaged sale involving Graham Jones Cranes Limited and Graham Jones Graham Jones Contract Lifting Limited, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of Graham Jones Cranes Limited are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Graham Jones Contract Lifting Limited.
2. The Applicant is a connected party to Graham Jones Cranes Limited 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 Graham Jones Cranes Limited.
3. The relevant property subject to the substantial disposal is stated to be:

(1) G Jones Holdings Limited has presented a global offer for the positive equity identified in the various finance agreements held with Graham Jones Cranes Limited. (2) Graham Jones Contract Lifting Limited has presented a global offer for all company owned stock, work-in-progress, order book, intellectual property and associated goodwill.
4. The consideration for this substantial disposal is stated to be:

(1) £50,000 to be paid immediately upon completion (2) £125,000. This is subject to the following terms: • From date of completion £4,000 paid each month for eight (8) months, paid on the last working day of the month (total £32,000.00). • A terminal payment on the last day of month eight (8) of £93,000.00. • Supported by a personal guarantee Anti-embarrassment clause that in the event there is a substantial upturn in turnover, within a defined period, a percentage claw-back crystallises in favour of the creditors.
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 Graham Jones Cranes Limited or Graham Jones Contract Lifting Limited 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:-

The proposed transaction provides better outcomes for more stakeholders in the business overall, although it is noted that regrettably due to the high level of secondary preferential creditors, there will not be a return to unsecured creditors in either the proposed transaction, but neither would there be in liquidation. Based on the information presented this offer is the best available following the marketing process and considering the circumstances The turnover of the business has fallen from just over £5,100,000 in 2019 to just under £3,700,000 in 2022 primarily caused by the impact of the Covid 19 Pandemic Considerable know how and contacts exist with the directors in the short term crane hire industry in the NW and other regions and they have appointed advisors to develop further accounting controls going forward. A winding up petition is due to be heard in the High Court imminently The proposed transaction protects 35 employees who will be TUPEd

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

Estimated Outcome & Comparison Statement 21/03/22 prepared by Wilson Field Ltd E mail correspondence with Kelly Burton & Gareth Kinneavy of Wilson Field 30 & 31st Mar Charterfields business assets appraisal 16/03/22 Mr Graham Jones application form and answers to arising questions (via Wilson Field) GJ Holdings Ltd and Graham Jones Contract Lifting Ltd offer letter Graham Jones Cranes Ltd Information Pack Sales of the Business by Sale of Assets Pack Charterfields Advertisement and marketing strategy (timetable) Details of interested parties arising from the marketing process Draft transaction heads of terms (and clarifying correspondence with Kelly Burton) Charterfields letter of recommendation 24th March Graham Jones Contract Lifting Limited - Executive Summary for 2022 Budget and supporting documents (depreciation schedule, aged payments, unaudited accounts)

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Graham Jones Contract Lifting Limited 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 31-03-2022

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

Graham Jones Contract Lifting Limited - Executive Summary for 2022 Budget

CRN 09572503

Address: Rhosddu Industrial Estate, Rhosrobin, Wrexham, Wales, LL11 4YL

In Strict Confidence:**Old Company:**

Name of Company	Graham Jones Cranes Limited
Company Number	05745437
Nature of Business	The rental of specialist mobile cranes and operators to end-users and contractors who require heavy or specialist lifting expertise
Details of Assets	See attached Balance Sheet and Asset Schedule
Details of Liabilities	
List of creditors and amounts owed	See attached statement of Aged Creditors
Details of any charges registered against the company	Companies House Link for all charge holders: https://find-and-update.company-information.service.gov.uk/company/05745437/charges
Number of staff	30 staff
Valuations	Not in our Possession please refer to Kelly Burton or Rob Dymond at Wilson Field as we have not been privy to Valuations undertaken by Charterfields following instruction from Wilson Field. k.burton@wilsonfield.co.uk r.dymond@wilsonfield.co.uk

New Company:

Company Name (where known)	Graham Jones Contract Lifting
Company Number (where known)	09572503

Names of Directors' other interests

G Jones Holdings Limited (12763975) Graham Jones (SH/D)

Graham Jones Cranes (0574537) Graham Jones/Ryan Jones (D)

Graham Jones Contract Lifting (09572503) Graham Jones/Ryan Jones/Grant Jones (SH/D)

Clwyd Properties Ltd (01115507) Graham Jones (SH/D)

RRG Properties Limited (11827148) Graham Jones (SH/D)

SH= Shareholder

D = Director

List of all connected persons involved in the proposed purchase**Nature of connection to Old Co**

Graham Jones and Ryan Jones are directors of Graham Jones Cranes Limited (0574537) who via administration are proposing to sell the equity value of assets (value less outstanding finance commitments to G Jones Holdings Limited (12763975) of which they are both directors.

Graham Jones is the beneficial owner of the shares in G Jones Holdings Limited (12763975)

Graham Jones and Ryan Jones are directors of Graham Jones Cranes Limited (0574537) who via administration are proposing to sell the Goodwill, Intellectual property and WIP to Graham Jones Contract Lifting (09572503) of which they are both directors and shareholders.

Have the directors been involved in any previous pre-packaged administrations

No

Summary of events leading up to the current situation

Please see below the Executive Summary report below that was attached to our application online.

Evidence of pre-administration marketing

We have not been involved as purchasers in any pre-pack marketing other than making an offer to purchase the assets. We would refer you to Rob Dymond and or Kelly Burton at Wilson Field.
k.burton@wilsonfield.co.uk
r.dymond@wilsonfield.co.uk

Details of the offer made to the administrator and why it has been made at that value

See attached offer letters

Steps were taken to avoid administration and pre-pack

The business was attempting to manage time to pay arrangement with HMRC and Creditors but the issue of a winding up petition by Genke Leasing (attached) due to be heard in the High Court on the 12 April 2020 left us with no options to protect creditors and finance and leaseholders. Our factor company Regency Factors want to protect their interests in the sale ledger as floating charge holders and advised they had approached Wilson Field as potential administrators.

Who is disadvantaged/favoured?

Favoured

1. Secured Asset Leners have consent to novate assets to G Jones Holdings Limited so protect ourstanding finance and loan agreements, without the need to recover assets with an uncertain outcome.
2. HM Treasury as many of the asset loans are secured by the CBILS government loan guarantee scheme introduced by the COVID 19 legislation.

3. HMRC whose preferred status will result in a healthy dividend.
4. Graham Jones who has personal guaranteed some of the proposed lease and finance novations.

Disadvantaged

1. Some Asset Lenders whose vehicles, equipment are being returned
2. The Manchester depot landlord
3. Unsecured trade creditors
4. HM Treasury ref CBILS Loans

Why is it necessary to undertake a pre-pack sale?

The WUP is due to be heard on the 12 April at which point the goodwill will disparte and the asset lenders will recovery loans and outstanding finance under the CBILS agreements. The Sales ledger will disparte as part of liquidated damages claims and secured preferential and unsecured creditors will suffer a large loss. Time is of the essence if value is to be preserved and if proper value has been calculated independently a pre pack allows for value to be retained by the UK economy.

What is / will be different going forward?

Please see the Executive Summary report below that was attached to our application online.

Supporting Evidence:

Please see the Executive Summary report below that was attached to our application online.

Viability study/statement

Please see the Executive Summary report below that was attached to our application online.

Summary financial accounts/balance sheet

Please see the Financial Summary report

below that was attached to our application online.

Statement of affairs/business statement

Attached

Business plans/forecasts

Please see the Executive Summary report below that was attached to our application online.

Documentary evidence

Details of any previous Evaluation Reports obtained

None

Personal Guarantees given for debts, funding and guarantee limits

PG against asset leave agreement

Any other information you consider significant.

Executive Summary

Graham Jones Contract Lifting is the successor firm owned and operated by the Jones family

- 68% Graham Jones
- 16% Grant Richard Jones
- 16% Ryan Wyn Jones

Headed up by Graham Jones with his son Ryan Jones as Operations Director, three generations of the family have operated steel supply, and crane hire in Wexham, North Wales, for over thirty years. The family has an extensive network of clients, suppliers, and funders across the northwest who trust the family and are renowned for their reliability and integrity. The successor company will employ over thirty employees with the technical competence, operational leadership, and contact base to build and grow a successful contract lifting and crane hire business.

What do we do?

We provide specialist contract lifting services to contractors and end-users across northwest England and Wales. This typically involves the client paying a daily or weekly or monthly rate for lifting equipment, i.e. mobile cranes and an operating crew with ancillary services such as training, risk assessments, health and safety documentation etc. It can also involve simple crane rental.

Background,

The failure of Graham Jones Cranes Limited is fundamentally a salutary lesson in the loss to ensure accurate financial information is available promptly that is sufficiently accurate to enable a board to make informed strategic decisions.

Growth opportunities were pursued without a complete risk analysis regarding the impact on cash flow and funding impact. Significant operational cash flow was required to fund large asset purchases, which in turn we used to service new and what was believed to be sizeable profitable contract opportunities. In reality, contracts were either unprofitable or marginal. The need to win large customers and contracts kept margins low, and often service or overage disputes resulted in further write-offs to keep large contracts and large key customers happy.

When Covid 19 hit the economy, large customers were lost, revenue declined, and £600K of annualised asset purchase and cash flow obligations remained. The liquidity crisis was managed with the expectation of market demand returning. It did not. Large expensive assets with financial lease and HP obligations remained parked and unused for over 18 months.

Improved strategic planning, a focus on profitability and a risk strategy that emphasised the need to scale up and down would have avoided the insolvency or contractually mitigated the losses.

The lessons arising from the failure of Graham Jones Cranes Limited have been learned:

- Significant reductions in overheads,
- Simplified and faster financial reporting structure
- Engagement of Linford Grey Chartered Accountants to the board to improve planning, monthly and annual budgeting, management reporting and strategies for profitability and cash flow management.
- Improved financial management controls and “live” financial management reporting (weekly) via Xero, Hub Doc, and Futrli platforms.
- Restructured asset base with redundant and unproductive assets removed from the balance sheet, substantially improving cash flow by £400K.
- Focus on gross margin rather than the sales value of orders
- Simplified daily asset rental model to improve margin control, speed up management reporting and improve operational cash flow
- Improved asset finance strategy to maximise asset utilisation at the lowest finance cost.
- Growth opportunities stress tested to ensure profitability, positive cash flow, and no overtrading.

Financial Forecast Summary April 2022 - March 2023 (attached)

Sales Forecast	= £3M
Gross Margin	= £776K
Operating Profit	= £227K
Profit before Tax	= £203K

% Profit before Tax = 6.8%

Notes

We have prepared a detailed budget (attached), which uses a simple sales model with daily charge-out rates. This has been sensitivity tested with the assumption that assets will be idle for 20% of the working days available across the year. This allows for a conservative budget that can be delivered within the current cash flow and funding constraints.

We have used a simple asset rental model paying a daily rental for assets without the need for significant depreciation or interest, or capital repayment adjustments.

Cap-Ex reflects the need for the operating company to purchase the Goodwill and IP and WIP from the Administrator for £125,000 over the period

Financial Security and Cash Flow (attached)

Net Cash Flow = £74K.

This has been reconciled back to the profit and loss forecast

Profit to cash reconciliation	
Profit	£ 203,494.00
Cash	£ 73,888.74
Balance	£ 129,605.26
Comprised of	
Opening Balance	£0.00 -
Capex	£ (125,000.00)
VAT Accrued but not paid	£ (4,605.26)
	£ (129,605.26)
Balance	£ -

Notes

We currently use confidential invoicing funding supplied by Regency Funders (CID). The funders are supportive and flexible, and while the cash flow has not been modelled ignoring the complexity of CID funding as we expect that circa 98% of cash flow is collected in any given month.

Cap-Ex in the first twelve months of £125,000 paid to the Administrators impacts free cash flow in the first 12 months. Cash flow can manage the payment schedule with a forecast that the terminal payment will be paid in October although currently planned for repayment in Dec.

Cap-Ex will be circa £20,000 year on year.

Conclusion

The budget is conservative and deliverable. The sensitivity analysis allows anything from 0 - 20% upside against the budget depending on market demand.

Cash flow is positive and well funded, and therefore the business is sustainable.

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total
Month	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Amounts
£	81,340.00	£ 88,060.00	£ 94,420.00	£ 88,060.00	£ 94,420.00	£ 91,420.00	£ 88,060.00	£ 91,420.00	£ 71,260.00	£ 88,060.00	£ 84,700.00	£ 94,780.00	£ 1,050,000.00
WAT'able sales	£ 151,060.00	£ 163,540.00	£ 169,780.00	£ 163,540.00	£ 169,780.00	£ 168,780.00	£ 163,540.00	£ 169,780.00	£ 132,340.00	£ 163,540.00	£ 157,300.00	£ 176,020.00	£ 1,950,000.00
Non WAT sales	£ 232,400.00	£ 251,600.00	£ 261,200.00	£ 251,600.00	£ 261,200.00	£ 261,200.00	£ 251,600.00	£ 261,200.00	£ 203,600.00	£ 251,600.00	£ 242,000.00	£ 270,800.00	£ 3,000,000.00
Costs of sales													
Crane hire	£ 52,325.39	£ 57,833.33	£ 60,587.30	£ 57,833.33	£ 60,587.30	£ 60,587.30	£ 57,833.33	£ 60,587.30	£ 44,063.49	£ 57,833.33	£ 55,079.36	£ 63,341.26	£ 688,492.00
Cross Hire	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 24,000.00
Car Rental	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 6,000.00
Lifting Gear Slings	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 12,000.00
Miscellaneous Purchases	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 60,000.00
Motor Insurance	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 173,328.00
Motor Licenses	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 6,000.00
Motor Repairs	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 60,000.00
Transport - Fuel and Oil	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 180,000.00
Travelling and lodging allowance	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 12,000.00
Subcontractors	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 30,000.00
Direct Labour	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 843,576.00
Direct Labour - Er's NIC	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 101,232.00
Direct Labour - Pension	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 25,308.00
Direct Labour - Expense payments	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 2,400.00
£	180,312.39	£ 185,820.33	£ 188,574										

[illegible]

Graham Jones Contract Lifting Limited
Statement of Cash Flows

VAT at

[illegible]

VAT

Graham Jones Contract Lifting Limited
Revenue forecast

Period	Notes	Day Rate	1	2	3	4	5	6	7	8	9	10	11	12
Months	Every Working Day		April 19	May 21	June 22	July 21	Aug 22	Sept 22	Oct 21	Nov 22	Dec 16	Jan 21	Feb 20	March 23
Days														
Bad Weather	25%	(-bank holidays												
Description														
Terex Demag reg: A190 - 5 GSK66 JTV		£ 1,500.00	£ 26,500.00	£ 31,500.00	£ 33,000.00	£ 31,500.00	£ 33,000.00	£ 33,000.00	£ 31,500.00	£ 33,000.00	£ 24,000.00	£ 31,500.00	£ 30,000.00	£ 34,500.00
Tadano Faun ATF90-4 Crane - YW10 G16		£ 950.00	£ 18,050.00	£ 19,950.00	£ 20,900.00	£ 19,950.00	£ 20,900.00	£ 20,900.00	£ 19,950.00	£ 20,900.00	£ 15,200.00	£ 19,950.00	£ 19,000.00	£ 21,850.00
Tadano Faun Y57 JGE		£ 480.00	£ 9,120.00	£ 10,080.00	£ 10,560.00	£ 10,080.00	£ 10,560.00	£ 10,560.00	£ 10,080.00	£ 10,560.00	£ 7,680.00	£ 10,080.00	£ 9,600.00	£ 11,040.00
Bocker Truck Crane - DK18 EEF		£ 1,150.00	£ 21,850.00	£ 24,150.00	£ 25,300.00	£ 24,150.00	£ 25,300.00	£ 25,300.00	£ 24,150.00	£ 25,300.00	£ 18,400.00	£ 24,150.00	£ 23,000.00	£ 26,450.00
Bocker Truck Crane (40027) DK18 BBZ		£ 650.00	£ 12,350.00	£ 13,650.00	£ 14,300.00	£ 13,650.00	£ 14,300.00	£ 14,300.00	£ 13,650.00	£ 14,300.00	£ 10,400.00	£ 13,650.00	£ 13,000.00	£ 14,950.00
Bocker Truck Crane BW1 CZT		£ 700.00	£ 12,350.00	£ 13,650.00	£ 14,300.00	£ 13,650.00	£ 14,300.00	£ 14,300.00	£ 13,650.00	£ 14,300.00	£ 10,400.00	£ 13,650.00	£ 13,000.00	£ 14,950.00
Bocker AK44 Crane - W010 TGR		£ 700.00	£ 13,300.00	£ 14,700.00	£ 15,400.00	£ 14,700.00	£ 15,400.00	£ 15,400.00	£ 14,700.00	£ 15,400.00	£ 11,200.00	£ 14,700.00	£ 14,000.00	£ 16,100.00
Bocker AK44/4000 - W010 TKE		£ 700.00	£ 13,300.00	£ 14,700.00	£ 15,400.00	£ 14,700.00	£ 15,400.00	£ 15,400.00	£ 14,700.00	£ 15,400.00	£ 11,200.00	£ 14,700.00	£ 14,000.00	£ 16,100.00
Bocker AK35/3000 Crane (36520) 2012		£ 700.00	£ 13,300.00	£ 14,700.00	£ 15,400.00	£ 14,700.00	£ 15,400.00	£ 15,400.00	£ 14,700.00	£ 15,400.00	£ 11,200.00	£ 14,700.00	£ 14,000.00	£ 16,100.00
Bocker AK35-3000 Crane - W010 TEY		£ 700.00	£ 13,300.00	£ 14,700.00	£ 15,400.00	£ 14,700.00	£ 15,400.00	£ 15,400.00	£ 14,700.00	£ 15,400.00	£ 11,200.00	£ 14,700.00	£ 14,000.00	£ 16,100.00
Tadano TS-75-M Crane - 0370 RKE Main Truck		£ 720.00	£ 13,680.00	£ 15,120.00	£ 15,840.00	£ 15,120.00	£ 15,840.00	£ 15,840.00	£ 15,120.00	£ 15,840.00	£ 11,520.00	£ 15,120.00	£ 14,400.00	£ 16,560.00
Provision for Second Jobs		£ -	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00	£ 50,000.00
			£ 232,400.00	£ 251,600.00	£ 261,200.00	£ 251,600.00	£ 261,200.00	£ 261,200.00	£ 251,600.00	£ 261,200.00	£ 203,600.00	£ 251,600.00	£ 242,000.00	£ 270,800.00
VMT sales end users	35%		£ 81,340.00	£ 88,060.00	£ 91,420.00	£ 88,060.00	£ 91,420.00	£ 91,420.00	£ 88,060.00	£ 91,420.00	£ 71,260.00	£ 88,060.00	£ 84,700.00	£ 94,780.00
Non VMT sales non end users	65%		£ 151,060.00	£ 163,540.00	£ 169,780.00	£ 163,540.00	£ 169,780.00	£ 169,780.00	£ 163,540.00	£ 169,780.00	£ 132,340.00	£ 163,540.00	£ 157,300.00	£ 176,020.00
	100%		£ 232,400.00	£ 251,600.00	£ 261,200.00	£ 251,600.00	£ 261,200.00	£ 261,200.00	£ 251,600.00	£ 261,200.00	£ 203,600.00	£ 251,600.00	£ 242,000.00	£ 270,800.00

[illegible]

Other costs of sales

Cross Hire	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00	£ 2,000.00
Car Rental	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00
Lifting Gear Slings	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00
Miscellaneous Purchases	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00
Motor Insurance	£ 16,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00	£ 14,444.00
Motor Licences	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00
Motor Repairs	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00
Transport - Fuel and Oil	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 15,000.00
Travelling and lodging allowance	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 1,000.00
Subcontractors	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00	£ 2,500.00
Direct Labour	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00	£ 70,298.00
Direct Labour Er's NIC	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00	£ 8,436.00
Direct Labour - Pension	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00	£ 2,109.00
Direct Labour - Expense payments	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00	£ 200.00
	£ 127,987.00	£ 127,987.00	£ 127,987.00	£ 127,987.00	£ 127,987.00	£ 127,987.00	£ 127,987.00	£ 127,987.00	£ 127,987.00
Total costs of sales	£ 180,312.39	£ 185,820.33	£ 188,574.30	£ 188,574.30	£ 185,820.33	£ 172,050.49	£ 185,820.33	£ 183,066.36	£ 191,326.26

Proof of Debt Form

Graham Jones Cranes Limited - In Administration

1	Creditor Name (If a company, please also state company registration number)	
2	Address of creditor for correspondence	
3	Email address for creditor	
4	Total amount of claim, including VAT and outstanding uncapitalised interest <i>Note: Any trade or other discounts (except discount for immediate or early settlement) which would have been available to the company but for the insolvency proceedings should be deducted from the above claim where relevant. Where any payment is made in relation to the claim or set-off applied after date of winding-up, this should be deducted</i>	£
5	If the amount in 4 above includes outstanding uncapitalised interest, please state the amount	£
6	Details of any documents by reference to which the debt can be substantiated (please attach copies)	
7	Particulars of how and when the debt was incurred by the Company	
8	Particulars of any security held, the value of the security, and the date it was given	Value = £ Date given / /
9	Particulars of any reservation of title claimed, in respect of goods supplied to which the claim relates	
10	Signature of creditor or person authorised to act on his behalf	
11	Name in BLOCK CAPITALS	
12	Position with or in relation to creditor Address of person signing (if different from 2 above)	

Creditor Questionnaire
Investigation into the Affairs of
Graham Jones Cranes Limited – In Administration (the Company)

Creditor's Name and Address	
Estimated value of your claim	£
If the estimated claim exceeds the credit limit, on what basis or terms was the additional credit allowed?	
Please provide details of any comfort, security or assurance given to you by the Company to allow the continuance of credit	
When did you first become aware of difficulties in getting payment from the Company and what was the evidence of this? (eg, extended credit, lump sum payments, dishonoured cheques)	

/Cont...

<p>Please provide details (including dates) of any Writs, summons, decrees or other legal action you took to recover your debt from the Company</p>	
<p>Please provide details of any cheques which were dishonoured, including dates and amounts</p>	
<p>Are there any particular matters you feel should be reviewed or are you aware of any potential recoveries for the estate which I should investigate as Administrator? If so, please provide brief details</p>	

Date: _____

Signature: _____

Print name: _____

Position: _____