

# AM03

## Notice of administrator's proposals



Companies House

For further information, please  
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[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 01374225

Company name in full CPEL Realisations Limited (formerly known as Claro  
Precision Engineering Ltd)

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Richard John

Surname Harrison

### 3 Administrator's address

Building name/number c/o Interpath Ltd

Street 10th Floor, One Marsden Street

Post town Manchester

County/Region

Postcode M21HW

Country

### 4 Administrator's name ①

Full forename(s) Howard

Surname Smith

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number c/o Interpath Ltd

Street 10th Floor, One Marsden Street

Post town Manchester

County/Region

Postcode M21HW

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM03

## Notice of Administrator's Proposals

**6**

### Statement of proposals



I attach a copy of the statement of proposals

**7**

### Qualifying report and administrator's statement <sup>①</sup>



I attach a copy of the qualifying report



I attach a statement of disposal

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

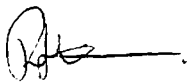
**8**

### Sign and date

Administrator's  
Signature

Signature

X



X

Signature date

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2

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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 Rachel Narraway

Company name Interpath Ltd

Address 5th Floor, 130 St Vincent Street

Post town Glasgow

County/Region

Postcode G 2 5 H F

Country

DX

Telephone Tel +44 (0) 113 521 7510



### Checklist

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Please make sure you have remembered the following:

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



### Important information

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



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# Joint Administrators' proposals

CPEL Realisations Limited (formerly known  
as Claro Precision Engineering Ltd) - in  
Administration

28 March 2024

Deemed delivered: 3 April 2024

# Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 8).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website:

<https://www.ia-insolv.com/case+INTERPATH+CO318E2758.html>. We hope this is helpful to you.

Should you require a hard copy of this report or other document available on the insolvency portal, please contact Becca Sargeant at Interpath Advisory, 5th Floor, 130 St Vincent Street, Glasgow G2 5HF, United Kingdom or by email to [ClaroPrecision@interpathadvisory.com](mailto:ClaroPrecision@interpathadvisory.com).

**Please also note that an important legal notice about this statement of proposals is attached (Appendix 9).**

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# 1 Executive summary

The Pexion group (the 'Group') operates in the precision and electrical engineering market and has exposure to a number of sectors, including aerospace, automotive, medical and general industrial sectors. The Group consists of a parent company, Pexion Limited, and 14 trading subsidiaries. For the year ended 31 December 2021, the Group recorded turnover of £41.3 million (Section 3 - Background and events leading to the administration).

CPEL Realisations Limited (formerly Claro Precision Engineering Limited) ('CPE' or the 'Company') manufactures precision machining parts and provides CNC milling and turning to its customers. The Company supplies into the industrial, marine, scientific and medical sectors, with annual turnover of approximately £5.3 million (Section 3 - Background and events leading to the administration).

Following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. This was due to a series of missed customer orders and significant supplier pressure, resulting in a number of suppliers putting the Company onto proforma payments. In response, the Group engaged Interpath in February 2024 to support it with an options process. When a solvent solution could not be found, they took steps to seek the appointment of administrators (Section 3 - Background and events leading to the administration).

On 19 March 2024 (the 'Appointment Date'), Richard Harrison and Howard Smith ('we', or the 'Joint Administrators') were appointed Joint Administrators of the Company by the Directors of the Company (Section 3 - Background and events leading to the administration).

Immediately following appointment, the Joint Administrators successfully concluded a pre-packaged sale of the Company's business and certain assets to Amcomri 18 Limited (the 'Purchaser') for total consideration of £550,000 (the 'Sale'). All 43 of the Company's employees transferred to the Purchaser as part of the sale immediately following the appointment of the Joint Administrators. In addition, a licence to occupy the Company's leasehold premises also granted to the Purchaser for 6 months (Section 4 - Strategy and progress of the administration to date).

Assets excluded from the Sale include, but are not limited to, any cash in hand or at bank. Our strategy will focus on realising all remaining assets whilst attending to statutory matters (Section 4 - Strategy and progress of the administration to date).

HSBC Invoice Finance (UK) Limited ('HSBC IF') provided certain members of the Group, including the Company, with invoice financing facilities pursuant to various debt purchase agreements or agreements relating to receivables financing dated on or around 28 September 2021, and benefits from legal assignments of the debtor books of those Group entities, including the Company. As at the date of appointment, HSBC IF's funds in use with respect to the Group's facility was approximately £5.5 million. HSBC IF will collect the debtors that are subject to its Invoice Discounting facility (Section 5 - Dividend prospects).

HSBC UK Bank Plc ('HSBC') provided a revolving credit facility to the Group and, in March 2021, provided an additional CBILS loan to support the Group through the COVID-19 pandemic. At appointment, the Group's indebtedness totalled approximately



£11.0 million and £4.1 million in relation to these two HSBC products respectively. HSBC also provided the Group with a mortgage facility that totalled approximately £0.2 million. Based on current estimates, we anticipate that HSBC ought to receive a dividend under its fixed charge security but the timing and quantum are uncertain (Section 5 - Dividend prospects).

The estimated value of ordinary preferential claims is £Nil as per the Directors' Statement of Affairs, as all 43 of the Company's employees transferred to the Purchaser (Section 5 - Dividend prospects).

According to the Directors' Statement of Affairs, the estimated value of secondary preferential claims is approximately £0.5 million. Based on current estimates, a dividend is expected to be paid to HMRC as secondary preferential creditor. (Section 5 - Dividend prospects).

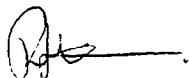
Based on the Directors' Statement of Affairs, the estimated value of unsecured claims was approximately £0.5 million at the date of appointment. Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors. (Section 5 - Dividend prospects).

We intend to seek approval of the Joint Administrators' proposals by way of deemed approval, with no requirement to seek deemed consent or use a decision procedure as current estimates indicate that the Company has insufficient property to enable a distribution to unsecured creditors (Section 7 - Approval of proposals).

We will seek approval of our remuneration on a time costs basis (in accordance with our fees estimate in Appendix 3) and pre-administration costs (detailed in section 8.2) from the Secured and preferential Creditors in due course (Section 8 - Joint Administrators' remuneration, expenses and pre-administration costs).

We anticipate that the most likely exit route will be via dissolution (Section 9 - Ending the administration).

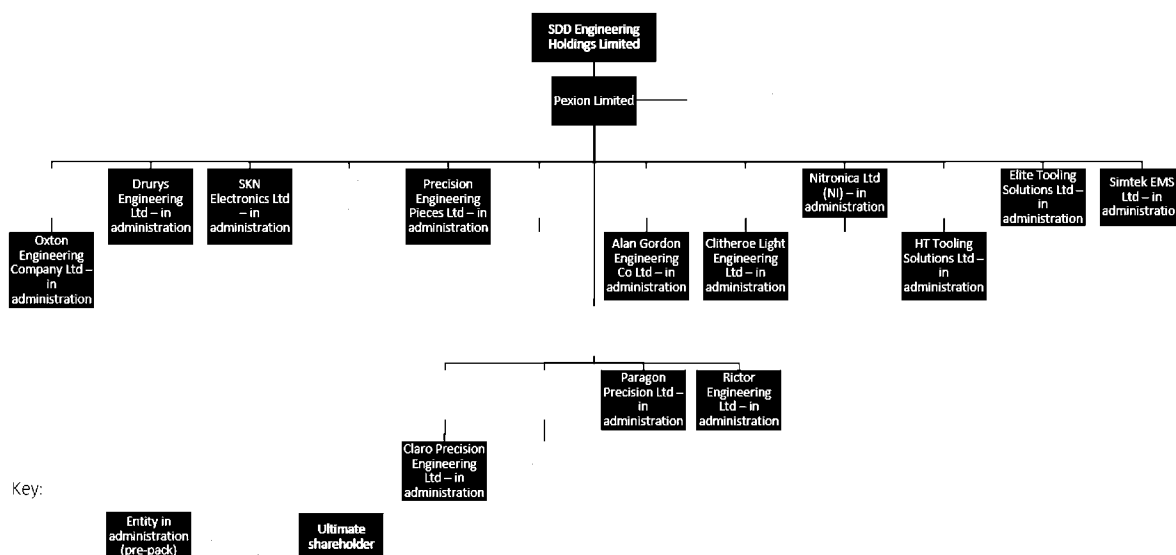
This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



Richard Harrison  
Joint Administrator

## 2 Group structure

The below diagram details the entities with the Group as at the date the Company entered administration.



CPEL Realisations Limited (formerly Claro Precision Engineering Limited) – in administration ('CPE' or the 'Company')

CPE was incorporated on 20 June 1978 and acquired by Pexion in 2016. The Company is based in Knaresborough and manufactures precision machining parts and provides CNC milling and turning to its customers. CPE supplies into the Industrial, Marine, Scientific and Medical sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of CPE on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of the Company was completed on 19 March 2024 to Amcomri 18 Limited.

Pexion Limited – in Administration ('Pexion')

Pexion was incorporated on 1 July 1986 and operates in the engineering market and has exposure to the aerospace, automotive, medical and general industrial sectors. The Company is based in Chorley has 14 trading subsidiaries detailed below. The Group is wholly owned by SDD Engineering Holdings Limited ('SDD') (formerly called RDCP Investments 13 Limited).

Richard Harrison and Howard Smith were appointed Joint Administrators of Pexion on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of certain assets of Pexion was completed on 19 March 2024 to Triples Apparel Limited. The Joint Administrators made 13 of Pexion's 14 employees redundant on appointment.

Alan Gordon Engineering Co Limited - in administration ('AGE')

AGE was incorporated on 19 March 1987 and acquired by Pexion in 2019. AGE is based in Chorley and provides CNC precision engineering services, supplying components for the packaging, industrial, scientific and hydroelectric power sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of AGE on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of AGE was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

CLEL Realisations Limited (formerly Clitheroe Light Engineering Limited) - in administration ('CLE')

CLE was incorporated on 8 October 2001 and acquired by Pexion in 2019. CLE is based in Clitheroe and provides high quality precision machined parts to global customers in the mining, packaging and industrial sectors. CLE's production is supported by in-house 3D modelling and simulating software.

Richard Harrison and Howard Smith were appointed Joint Administrators of CLE on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of CLE was completed on 19 March 2024 to Bryden Ventures Engineering Ltd.

DE Realisations 2024 Limited (formerly Drurys Engineering Limited) – in administration ('DEL')

DEL was incorporated on 21 September 1994 and acquired by Pexion in 2012. DEL manufactures precision engineered products and has experience working with a wide range of metals and polymers.

Richard Harrison and Howard Smith were appointed Joint Administrators of DEL on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of DEL was completed on 19 March 2024 to Amcomri 19 Limited.

Elite Tooling Solutions Limited - in administration ('ETS')

ETS was incorporated on 1 April 2015 and acquired by Pexion along with HTTS in 2018. ETS is based in Manchester and provides design, manufacture and validation of plastic mould solutions to the industrial and medical sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of ETS on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of ETS was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

HT Tooling Solutions Limited - in administration ('HTTS')

HTTS was incorporated on 10 April 1991 and acquired by Pexion along with Elite Tooling Solutions Limited in 2018. HTTS provides design, manufacture and validation of plastic

mould solutions to OEMs, primarily within the medical, industrial, packaging and automotive sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of HTTS on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of HTTS was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

Nitronica Limited – in administration ('Nitronica')

Nitronica was incorporated on 8 November 2002 and acquired by Pexion in 2019. Nitronica is based in Ballynahinch and supplies electronics, from design through to manufacture. Using advanced technology, Nitronica is able to provide a range of services, from basic cable assembly to complex electro-mechanical builds. Nitronica supplies into the Oil & Gas, Aerospace, Security, Industrial and Medical sectors.

Stuart Irwin and Richard Harrison were appointed Joint Administrators of Nitronica on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of Nitronica was completed on 19 March 2024 to Hinchtech Limited.

Oxton Engineering Company Limited – in administration ('OEL')

OEL was incorporated on 6 June 1979 and acquired by Pexion in 2017. OEL is based in Birkenhead and provides precision engineered components and clean room assembly, working with customers from prototype through to manufacture. OEL supplies into the Industrial, Scientific, Packaging and Aerospace sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of OEL on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of OEL was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

Paragon Precision Limited - in administration ('PPL')

PPL was incorporated on 16 July 1987 and acquired by Pexion in 2013. PPL is based in Hull and supplies high quality sheet metal solutions from design using 3D CAD software, through to manufacture. PPL supplies into the Leisure, Industrial and Oil & Gas markets sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of PPL on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of PPL was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

Phasa Limited – in administration ('Phasa')

Phasa was incorporated on 23 February 2007 and acquired by Pexion in 2018. Phasa is based in Newmarket and manufactures electrical parts and components primarily used in the automotive sector.

Richard Harrison and Howard Smith were appointed Joint Administrators of Phasa on 19 March 2024. The Company's 6 employees were made redundant immediately after the appointment of the Joint Administrators.

Precision Engineering Pieces Limited - in administration ('PEP')

PEP was incorporated on 16 April 1980 and acquired by Pexion in 2017. PEP is based in Tewkesbury and supplies high quality sheet metal solutions, from design using 3D CAD through to manufacture. PEP supplies into the Security, Scientific and Transport sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of PEP on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of PEP was completed on 19 March 2024 to Geometric Manufacturing Limited.

Rictor Engineering Limited – in administration ('REL')

REL was incorporated on 12 April 1984 and acquired by Pexion in 2016. REL supplies high quality sheet metal components and assemblies, from design through to manufacture. REL supplies into the Food & Drink, Industrial and Transport sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of REL on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of REL was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

S.K.N. Electronics Limited – in administration ('SKN')

SKN was incorporated on 12 April 1986 and acquired by Pexion in 2017. SKN is based in Birmingham and provides high quality electronic component services, including assembly, box build and coating. SKN supplies into the Integrator, Telecommunications and Industrial sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of SKN on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of SKN was completed on 19 March 2024 to Triples Apparel Limited and E Service Engineering Ltd.

Simtek EMS Limited – in administration ('Simtek')

Simtek was incorporated on 17 January 2003 and acquired by Pexion in 2019. Simtek manufactures electronic products to a broad range of industries, including medical, marine and automotive as well as the production of battery power packs for a variety of industries and market sectors.

Richard Harrison and Howard Smith were appointed Joint Administrators of Simtek on 19 March 2024. Shortly following the Joint Administrators' appointment, a sale of the business and assets of Simtek was completed on 19 March 2024 to Westwood EMS Limited.

Other Group entities

There are a number of entities within the Group that are either dormant or non-trading parent entities. These entities are not in administration.

## 3 Background and events leading to the administration

### 3.1 Background information

The Company was incorporated on 20 June 1978 and manufactures precision machining parts and provides CNC milling and turning to its customers. The Company supplies into the industrial, marine, scientific and medical sectors.

Per Management accounts for the year ended 31 December 2023, the Company recorded turnover of £5.3 million and an operating profit of £0.5 million.

The Company traded from Unit 4 and 5 Manse Lane Industrial Estate, Manse Lane, Knaresborough, HG5 8LF (the 'Property').

At the date of our appointment, the Company had 43 employees.

### 3.2 Funding and financial position of the Company

Per the latest filed accounts for the year ended 31 December 2021, the Group had a reported turnover of £41.3 million, with an operating profit of £0.4 million.

A Statement of Profit and Loss and a Balance Sheet for the Company and Group are included below.

	Claro Precision Engineering Limited			Group		
	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2021	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2021
<b>Statement of Profit and Loss</b>						
Turnover	5,310,871	4,957,287	4,797,327	50,000,724	44,280,287	41,301,841
Cost of Sales	(3,964,232)	(3,815,801)	(3,366,540)	(38,284,791)	(31,750,133)	(29,240,568)
	<b>1,346,639</b>	<b>1,141,486</b>	<b>1,430,787</b>	<b>11,715,933</b>	<b>12,530,154</b>	<b>12,061,273</b>
Administrative Expenses	(806,996)	(923,940)	(943,326)	(8,309,466)	(11,868,852)	(11,325,133)
Other Operating Income	-	2,551	16,265	-	117,568	198,057
Interest Payable	-	(46,279)	-	-	(127,978)	(564,340)
	<b>539,643</b>	<b>173,818</b>	<b>503,726</b>	<b>3,406,467</b>	<b>650,892</b>	<b>369,857</b>

Source: FY21 audited accounts, FY22 unaudited accounts and December 2023 management accounts

	CPEL Realisations Limited			Group		
	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2021	12 months ended 31 December 2023	12 months ended 31 December 2022	12 months ended 31 December 2021
<b>Balance Sheet</b>						
Tangible Assets	631,659	875,606	964,927	5,041,360	5,685,026	6,558,557
Intangible Assets	-	-	-	12,312,407	13,211,099	14,028,596
Stocks	765,987	780,446	589,118	9,679,130	10,372,435	7,039,777
Debtors: amounts falling due ,1Y	1,234,814	1,983,878	1,780,936	10,967,588	9,913,114	9,220,189
Cash at bank and in hand	906,400	479,261	722,219	501,100	774,511	417,283
<b>Total Assets</b>	<b>3,538,860</b>	<b>4,119,191</b>	<b>4,057,200</b>	<b>38,501,585</b>	<b>39,956,185</b>	<b>37,264,402</b>
Creditors: amounts falling due <1Y	2,616,080	2,817,638	2,490,238	39,728,545	22,755,746	19,703,730
Creditors: amounts falling due >1Y	-	174,625	512,042	-	15,536,461	14,960,588
Provisions	-	132,718	136,390	-	-	127,038
Defined benefit pension plan	-	-	-	-	2,508,000	959,000
<b>Total Liabilities</b>	<b>2,616,080</b>	<b>3,124,981</b>	<b>3,138,670</b>	<b>39,728,545</b>	<b>40,800,207</b>	<b>35,750,356</b>
<b>Net Assets</b>	<b>922,780</b>	<b>994,210</b>	<b>918,530</b>	<b>(1,226,960)</b>	<b>(844,022)</b>	<b>1,514,046</b>

Source: FY21 audited accounts, FY22 unaudited accounts and December 2023 management accounts

HSBC Invoice Finance (UK) Limited ('HSBC IF') provided certain members of the Group with invoice financing facilities pursuant to various debt purchase agreements or agreements relating to receivables financing dated on or around 28 September 2021, and benefits from legal assignments of the debtor books of those Group entities, including the Company.

As at the date of appointment, HSBC IF's funds in use with respect to the Group's facility was approximately £5.5 million.

HSBC UK Bank Plc ('HSBC') provided a revolving credit facility to the Group and, in March 2021, provided an additional CBILS loan to support the Group through the COVID-19 pandemic. At appointment, the Group's indebtedness totalled approximately £11.0 million and £4.1 million in relation to these two HSBC products respectively. HSBC also provided the Group with a mortgage facility that totalled approximately £0.2 million.

See Section 5.1 for further details on HSBC IF and HSBC's security.

The Joint Administrators' solicitors will undertake a review of the validity of all security held before any distributions are made.

### **3.3 Events leading to the administration**

In September 2020, KPMG LLP ('KPMG') was introduced to the Group by HSBC. On 4 May 2021 KPMG sold its restructuring division and it became Interpath Limited ("Interpath"). Our previous engagements are detailed in full in our SIP 16 memorandum at appendix 7.

Following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. This was due to a series of missed customer orders and significant supplier pressure, resulting in a number of suppliers putting the Company onto proforma payments.

Accordingly, the Group subsequently engaged Interpath on 5 February 2024 to support it with an options process, focussing on exploring the sale and restructuring options available to the business by assessing potential interest from either trade or financial investors.

Due to the financial position of the Group, a deadline for indicative offers was set as 12 February 2024 and final offers requested by 20 February 2024, with a view to concluding a transaction on 1 March 2024. The level of interest received and the Group's cash position allowed for a slightly extended process following the final offer deadline to allow for legal documentation to be completed.

In anticipation of the appointment of administrators, a Notice of Intention ("NOI") to Appoint Administrators was filed by the Directors on 13 March 2024.

A Notice of Appointment of Administrators was filed at Court on 19 March 2024 and the transaction to the Purchaser was completed shortly after the Joint Administrators' appointment.

At the time of our appointment, we disclosed to the Court details of the work carried out by Interpath up to that time. We are satisfied that the work carried out by Interpath before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence. Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

### **3.4 Pre-administration work**

The following work was carried out prior to our appointment with a view to placing the Company into administration and completing the 'pre-pack' sale:

- Interpath advised the Company on its available options, the impact of an administration appointment and the requirement for the Directors to seek independent legal advice.
- The proposed Joint Administrators assisted with the progression of the sale to the Purchasers, including negotiating the terms of the sale agreement with the Purchasers and other parties relevant to the transaction, as well as to ensure it delivered the best possible outcome for the Company's creditors.



- The proposed Joint Administrators reviewed and signed the relevant appointment documentation.
- Eversheds Sutherland (International) LLP ('Eversheds') assisted with the preparation of the sales documentation, deed of release and the licence to occupy agreements;
- Hill Dickinson LLP ('Hill Dickinson') assisted with the preparation of the appointment documents; and
- Sanderson Weatherall LLP ('Sandersons'), a firm of independent valuers, was engaged to review the Company's tangible assets and provide a recommendation on the value of business offers compared with likely realisations in a break-up sale of assets out of administration. Sandersons also produced asset schedules required for the sale contract.

The costs incurred by Interpath, Eversheds, Hill Dickinson and Sandersons have not been paid to date. Approval for these costs will be sought from the Secured and Preferential Creditors in due course.

It was necessary to undertake this work prior to the Company entering administration in order to facilitate the sale of the Company's business and assets. This maximised the realisations for creditors (as opposed to alternative courses of action, such as a wind-down administration) and assisted with achieving the purpose of the administration in accordance with the Paragraph 3(1)(b) of Schedule B1, Insolvency Act 1986.

We are satisfied that the work carried out by Interpath Advisory before our appointment has not resulted in any relationships which would result in a conflict of interest or would threaten our independence. Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

### **3.5 Appointment of Joint Administrators**

The Directors filed an NOI to appoint administrators at Court on 13 March 2024.

The Directors resolved on 19 March 2024 to appoint us as Joint Administrators.

The notice of appointment was lodged at the High Court of Justice Business & Property Courts in Manchester Insolvency & Companies List (Chd) and we were duly appointed.

## **4 Strategy and progress of the administration to date**

### **4.1 Strategy to date**

#### **Sale of business**

As outlined in Section 3.3 above, following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. Accordingly, Interpath was engaged by the Group on 6 February 2024 to undertake an options process to explore the sale, investment and refinance opportunities available to the Company on an accelerated basis. Approaches were made to financial investors, trade parties and former owners of the Group identified by Interpath, the Company and the Directors.

As part of this process, a teaser document was circulated to Interpath's distressed investor list (147 parties), all of whom have track records in transacting in distressed situations. In addition, 39 trade parties identified by Interpath and the Company's management team, plus eight of the Group's former owners, were approached. The interested parties were invited to provide offers on any basis, including a solvent purchase of the Company's shares.

Following issuing the teaser document with respect to the Group, 45 non-disclosure agreements (NDAs) were issued to interested parties, of which all were signed (31 distressed investors, seven trade parties and seven former owners) and returned with financial information thereafter.

Concurrently, various alternatives were considered by the Company and the proposed Joint Administrators, including trading on solvently and alternative insolvency processes. However, given the Group's ongoing cash flow pressures and working capital requirement, no solvent options were available, and the other insolvent options were not expected to deliver a better outcome for the Company's creditors.

In addition to a recommendation from Sandersons, it was concluded that it was best to proceed with the business and assets offer received as part of Interpath's options process. As a result, an agreement for the sale of the business and certain assets was reached with the Purchaser, which maximised the value achieved for the Company's assets.

Immediately following the appointment, the Joint Administrators concluded a sale of the Company's business and certain assets of the Company to the Purchaser. The Purchaser is unconnected to the Company; please see our SIP 16 memorandum (Appendix 7) for further details.

#### **Strategy**

In the lead up to and following our appointment, we considered how we could achieve the purpose of administration. We are of the opinion that the pre-packaged sale of the

business and certain assets has enabled the objective of achieving a better result for the Company's creditors as a whole than if the Company were wound up. This is primarily due to net realisations (after expected costs) being higher than in a wind-down scenario, and because creditor claims, specifically employee claims, were mitigated.

Our ongoing strategy is to realise the remaining assets that were excluded from the sale, including cash at bank. There is a licence to occupy agreement in place which we will monitor as the occupiers seek to negotiate their own lease with the landlord, or exit the property.

Following the realisation of the assets of the Company, the strategy will be to settle all outstanding costs of the administration, to comply with statutory duties and proceed to move the Company to an appropriate exit route (see Section 6 Ending the Administration).

## 4.2 Asset realisations

Realisations from the date of our appointment to 22 March 2024 are set out below.

The sale consideration relating to the pre-pack sale is still being held by our Solicitors and as such is not reflected in the receipts and payments account at Appendix 2.

### Sale of business

Sandersons, an independent valuation firm with significant experience in the sale of assets in distressed situations, was instructed to review the Company's assets and make a recommendation as to the value of the offer for the business compared to likely realisations in a break-up sale of assets in administration.

As stated above, consideration totalling £550,000 relating to the pre-packed sale of the business and certain assets was paid to our Solicitors by the Purchaser, together with the initial licence fee (paid monthly in advance) for the licence to occupy. Please note that these amounts are still currently being held by our Solicitors and will be paid to the Joint Administrators shortly.

Per the offer received from the Purchaser, consideration was allocated as follows:

Assets	£
Stock	200,000
Plant and Machinery	194,744
Goodwill	149,999
Debts	5,249
Business Records	1
Contracts	1
HSBC IF Book Debts	1
Intellectual Property	1
IT systems	1
Motor Vehicles	1
Properties	1
Sale information	1
<b>Total</b>	<b>550,000</b>

As a result of the Sale, all 43 of the Company's employees transferred to the Purchaser under TUPE regulations.

Full details of the sale were provided in the SIP 16 memorandum attached in Appendix 7. The SIP 16 memorandum was also uploaded to the Portal and creditors were notified of this in our initial notice of appointment.

#### Leasehold properties

A six-month licence to occupy the Company's leasehold properties at Unit 4 and 5 Manse Lane Industrial Estate, Manse Lane, Knaresborough, HG5 8LF was granted to the Purchaser as part of the Sale. Licence fees equivalent to 1 month's costs have been paid to the Company to date. Similarly to the consideration above, funds are currently being held by the Joint Administrators' solicitors.

Fees for further months of occupation will be collected monthly in advance for the duration of the licence.

#### Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Becca Sargeant at Interpath Advisory, 5th Floor, 130 St Vincent Street, Glasgow G2 5HF, United Kingdom.

### **4.3 Costs**

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

No payments have been made from the date of our appointment to 22 March 2024. A receipts and payments account can be found at Appendix 2.

# 5 Dividend prospects

## 5.1 Secured creditors

HSBC IF

HSBC IF provided certain members of the Group, including the Company, with invoice financing facilities pursuant to various debt purchase agreements or agreements relating to receivables financing dated on or around 28 September 2021, and benefits from legal assignments of the debtor books of the following entities:

The Company;  
Alan Gordon Engineering Limited;  
Clitheroe Light Engineering Co Limited (now known as CLEL Realisations Limited);  
Drurys Engineering Limited (now known as DE Realisations 2024 Limited);  
Nitronica Limited;  
Oxton Engineering Company Limited;  
Paragon Precision Limited;  
Precision Engineering Pieces Limited;  
Rictor Engineering Limited;  
Simtek EMS Limited; and  
SKN Electronics Limited.

HSBC IF does not benefit from legal assignments of the debtor books of Elite Tooling Solutions Limited, HT Tooling Solutions Limited, Phasa Limited or Pexion Limited.

As at the date of appointment, HSBC's funds in use with respect to the Group's facility was approximately £5.5 million.

The Company's indebtedness with respect to HSBC IF is approximately £0.8 million.

HSBC IF benefits from fixed and floating charges over the assets of:

The Company, pursuant to a fixed charge of non-vesting debts and floating charge dated 18 October 2016;  
Alan Gordon Engineering Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 3 June 2019;  
Clitheroe Light Engineering Co Limited (now known as CLEL Realisations Limited), pursuant to (a) a floating charge dated 31 July 2018 and (b) a fixed charge of non-vesting debts dated 31 July 2018;

Drurys Engineering Limited (now known as DE Realisations 2024 Limited), pursuant to a fixed charge of non-vesting debts and floating charge dated 10 September 2012;

Nitronica Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 5 June 2019;

Oxton Engineering Company Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 2 November 2017;

Paragon Precision Limited, pursuant to (a) a floating charge dated 28 May 2013 and (b) a fixed charge on purchased debts which fail to vest dated 28 May 2013;

Pexion Limited, pursuant to a fixed and floating charge dated 11 October 2000;

Precision Engineering Pieces Limited, pursuant to (a) a floating charge dated 15 June 2017 and (b) a fixed charge on purchased debts which fail to vest dated 15 June 2017;

Rictor Engineering Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 26 October 2016;

Simtek EMS Limited, pursuant to a fixed charge of non-vesting debts and floating charge dated 21 August 2019; and

SKN Electronics Limited, pursuant to a fixed charge on purchased debts which fail to vest dated 20 January 2017.

HSBC IF does not benefit from any security from Elite Tooling Solutions Limited, HT Tooling Solutions Limited, Phasa Limited.

By way of cross-guarantee, HSBC IF has the right to utilise a surplus from one Group entity against a shortfall in another Group entity.

A proportion of trade debtors are subject to HSBC IF security, and the Company's book debt ledger is estimated to be £0.8 million, per HSBC IF. HSBC IF has appointed an agent to collect book debts that fall under its security on its behalf, and it is anticipated they will recover a proportion of its indebtedness however, it is unknown if a surplus will be available for the Administration.

It is currently uncertain whether HSBC IF will suffer a shortfall on the Company's debtor ledger.

A formal review of HSBC IF's security is yet to be undertaken and we will provide a further update in our first progress report.

HSBC

HSBC provided a revolving credit facility to the Group and, in March 2021, provided an additional CBILS loan to support the Group through the COVID-19 pandemic. As at the date of appointment, the Group's indebtedness totalled approximately £11.0 million and £4.1 million in relation to these two HSBC products respectively. HSBC also provided the Group with a mortgage facility that totalled approximately £0.2 million.

HSBC benefits from fixed and floating charges over the assets of:

The Company, pursuant to (a) legal assignments of contract monies dated 28 September 2011 and 3 January 2024 and (b) debentures dated 27 October 2016 and 25 January 2019;

Alan Gordon Engineering Limited, pursuant to (a) a debenture dated 1 March 2019 and (b) legal assignments of contract monies dated 9 October 2019 and 3 January 2024;

Clitheroe Light Engineering Co Limited (now known as CLEL Realisations Limited), pursuant to (a) a debenture dated 8 February 2019 and (b) legal assignments of contract monies dated 30 September 2019 and 3 January 2024;

Drurys Engineering Limited (now known as DE Realisations 2024 Limited), pursuant to (a) debentures dated 5 September 2012 and 25 January 2019 and (b) legal assignments of contract monies dated 22 October 2012 and 3 January 2024;

Elite Tooling Solutions Limited, pursuant to debentures dated 23 May 2018 and 25 January 2019;

HT Tooling Solutions Limited, pursuant to debentures dated 23 May 2018 and 25 January 2019;

Nitronica Limited, pursuant to (a) a debenture dated 13 May 2019 and (b) legal assignments of contract monies dated 21 June 2019 and 3 January 2024;

Oxton Engineering Company Limited, pursuant to (a) debentures dated 31 October 2017 and 25 January 2019 and (b) legal assignments of contract monies dated 4 December 2017 and 3 January 2024;

Paragon Precision Limited, pursuant to (a) debentures dated 17 June 2013 and 25 January 2019 and (b) legal assignments of contract monies dated 1 August 2013 and 3 January 2024;

Pexion Limited, pursuant to (a) debentures dated 3 October 2012 and 25 January 2019 (b) a mortgage of life policy dated 14 June 2013 and (c) a mortgage and charge of shares dated 13 May 2019;

Phasa Limited, pursuant to debentures dated 24 January 2018 and 25 January 2019;

Precision Engineering Pieces Limited, pursuant to (a) debentures dated 6 June 2017, 14 July 2017 and 25 January 2019, (b) a legal assignment by way of security dated 14 August 2017 and (c) a legal assignment of contract monies dated 3 January 2024;

Rictor Engineering Limited, pursuant to (a) debentures dated 20 October 2016 and 25 January 2019, (b) a legal mortgage dated 13 September 2016 and (c) legal assignments of contract monies dated 13 September 2017 and 3 January 2024;

Simtek EMS Limited, pursuant to (a) a debenture dated 25 July 2019 and (b) legal assignments of contract monies dated 30 September 2019 and 3 January 2024; and

SKN Electronics Limited, pursuant to (a) debentures dated 19 January 2017 and 25 January 2019 and (b) legal assignments of contract monies dated 13 September 2017 and 3 January 2024,

with a composite cross-guarantee dated 25 January 2019 in place with respect to the Group's indebtedness.

HSBC's security from the above-mentioned entities (save for in respect of ETS, HTTSL, Pexion and Phasa), includes a legal assignment of contract monies which means that it

will benefit in the event that HSBC IF is in a surplus position with respect to the relevant entities.

Based on current estimates, we anticipate that there will be sufficient realisations to enable a distribution to HSBC however the quantum and timing is currently unknown.

A formal review of HSBC's security is yet to be undertaken and we will provide a further update in our first progress report.

## SDD

Since taking majority control of the Group in December 2022, SDD has provided equity injections totalling £2.0 million. SDD benefits from second-ranking fixed and floating charge security over the Group's assets pursuant to a composite guarantee and debenture dated 21 December 2022.

Pursuant to the terms of an intercreditor agreement dated 21 December 2022 entered into by, amongst others, HSBC, HSBC IF, SDD and the Group, we understand that the debt and security of SDD pursuant to SDD's debenture and sums secured thereunder are wholly subordinated to that of HSBC and HSBC IF (as Senior Lenders).

Based on current estimates, it is highly unlikely that there will be a dividend to SDD.

As noted above, the Joint Administrators' solicitors will undertake a review of the validity of all security before any distributions are made.

## 5.2 Ordinary preferential creditors (employees)

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially (in advance of floating charge holders and ordinary unsecured creditors) and in priority to other preferential creditors (see 5.3 below). These claims are therefore referred to as "ordinary preferential creditors".

As all 43 of the Company's employees transferred to the Purchaser under TUPE regulations, we are not aware of any ordinary preferential claims for the Company.

## 5.3 Secondary preferential creditors (HMRC)

Certain claims from HMRC rank preferentially, but secondary to the employee, ordinary preferential creditors above. These claims are therefore referred to as "secondary preferential creditors".

We estimate the amount of secondary preferential claims at the date of our appointment to be £0.5 million.

Based on current estimates, there may be a dividend to HMRC as secondary preferential creditor.



## **5.4 Unsecured creditors**

According to the Directors' Statement of Affairs, unsecured creditors totalled approximately £0.5 million.

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors.

## **6 Ending the administration**

### **6.1 Exit route from administration**

We consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be dissolution.

### **6.2 Discharge from liability**

We propose to seek approval from the Secured and preferential Creditors in due course, that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

# 7 Approval of proposals

## 7.1 Deemed approval of proposals

The Joint Administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable a distribution to the unsecured creditors other than by virtue of the Prescribed Part, as detailed in Appendix 1.

On expiry of eight business days from the date our proposals were delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened.

Further details of the steps to convene a procedure are detailed below.

## 7.2 Creditors' right to request a decision

We will use a decision-making procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor's claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, please complete and return the decision requisition form which is available on the website.

## **8 Joint Administrators' remuneration, expenses and pre-administration costs**

### **8.1 Approval of the basis of remuneration and expenses**

Agreement to the basis of our remuneration and the drawing of Category 2 expenses is subject to specific approval. It is not part of our proposals.

We intend to seek approval of our remuneration on a time costs basis (in accordance with our fees estimate in Appendix 3), expenses (in accordance with our expenses estimate in Appendix 4) and pre-administration costs (see below) from the Secured and preferential creditors in due course.

Should a Creditors' Committee be formed, we will seek to obtain approval from the Creditors' Committee that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

Category 2 expenses (as defined in Statement of Insolvency Practice 9) will be charged and drawn in accordance with Interpath Advisory's policy as set out in Appendix 5.

Agreement to the basis of our remuneration and the drawing of Category 2 expenses is subject to specific approval. It is not part of our proposals.

Time costs

From the date of our appointment to 22 March 2024, we have incurred time costs of £18,673. These represent 41 hours at an average rate of £455 per hour.

Expenses

We have not incurred any expenses during the period.

Additional information

We have attached (Appendix 5) an analysis of the time spent and the charge-out rates for each grade of staff for the period from our appointment to 22 March 2024. We have also attached our charging and expenses recovery policy.

### **8.2 Pre-administration costs**

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.4:

<b>Pre-administration costs</b>			
	<b>Paid (£)</b>	<b>Unpaid (£)</b>	<b>Total (£)</b>
Interpath pre-administration fees and expenses	-	676.00	<b>676.00</b>
Legal fees and expenses – Eversheds	-	48,333.33	<b>48,333.33</b>
Legal fees and expenses – Hill Dickinson	-	2,168.50	<b>2,168.50</b>
Agents' fees and expenses – Sandersons	-	3,650	<b>3,650</b>
<b>Total</b>	-	<b>54,827.83</b>	<b>54,827.83</b>

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

***We intend to seek approval of our remuneration, Category 2 expenses, pre-administration costs and discharge from liability from Secured and preferential creditors in due course.***

## 9 Summary of proposals

No expressions of interest were received in the marketing undertaken to purchase the business as a solvent entity and therefore rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

We consider an administration will deliver a better result for the Company's creditors due to, but not limited, to:

- an administration allowing us to complete a pre-packaged sale that achieved a higher expected net realisation for included assets (after costs) compared to a break-up basis; certain creditor claims are mitigated by a sale of the business, for example, employee claims;

- a sale of the business via a pre-pack administration enables continuation of trade, preserving goodwill which would quickly diminish should the Company cease to trade and if a sale was to be completed post-appointment; and

- continuity of supply also maintains relationships with customers which in turn ought to enhance debtor book realisations under the HSBC invoice finance facility, one of the Company's major creditors.

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

### General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;

- to investigate and, if appropriate, to pursue any claims the Company may have;

- to seek an extension to the administration period if we consider it necessary.

### Distributions

- to make distributions to the secured and preferential creditors where funds allow;

- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

### Joint Administrators' remuneration and pre-administration costs

We propose that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

Category 2 expenses (as defined in Statement of Insolvency Practice 9) will be charged and drawn in accordance with Interpath Advisory's policy as set out in Appendix 5;

unpaid pre-administration costs be an expense of the administration.

#### Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

#### Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Richard Harrison and Howard Smith, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Richard Harrison and Howard Smith, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;

file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

## Appendix 1      Statutory information

Company and Trading name	CLEL Realisations Limited (Formerly Clitheroe Light Engineering Limited)
Date of incorporation	20 June 1978
Company registration number	01374225
Trading address	Unit 4 and 5 Manse Lane Industrial Estate, Manse Lane, Knaresborough, HG5 8LF
Previous registered office	Pexion Limited, George Street, Chorley, PR7 2BE
Present registered office	Interpath Ltd, 10th Floor, One Marsden Street, Manchester, M2 1HW
Company Directors	David James Brindle Darren James Turner
Company Secretary	N/A
Administration appointment	High Court of Justice Business & Property Courts in Manchester Insolvency & Companies List (Chd)
Appointor	Directors
Date of appointment	19 March 2024
Joint Administrators	Richard Harrison and Howard Smith
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	18 March 2025
Prescribed Part (Section 176A(2)(a))	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5.4).
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £Nil. Estimated Prescribed Part is £Nil.
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. This is because it is anticipated that the Prescribed Part will be automatically disapplied given that the estimated Net Property is less than £10,000 and the costs of making a distribution are anticipated to be disproportionate to the benefits. However, if the circumstances of the administration change, the Joint Administrators may make a distribution to the unsecured creditors; or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.



#### Administration information

##### Application of EU Regulations

EU Regulations apply and these proceedings will be the Proceedings to which the EU Regulation as it has effect in the law of the United Kingdom does not apply as defined in Article 3 of the EU Regulations.

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## Appendix 2

## Joint Administrators' receipts and payments account

CPEL Realisations Limited (formerly known as Claro Precision Engineering Ltd) - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 19/03/2024 To 22/03/2024 (£)	From 19/03/2024 To 22/03/2024 (£)
FIXED CHARGE ASSETS			
1.00	Book debts	NIL	NIL
149,999.00	Goodwill	NIL	NIL
1.00	Intellectual Property	NIL	NIL
		NIL	NIL
FIXED CHARGE CREDITORS			
(637,439.00)	HSBC Invoice Finance	NIL	NIL
		NIL	NIL
HP/LEASING			
(482,545.00)	Praetura Asset Finance	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
1.00	Business Records	NIL	NIL
1.00	Contracts	NIL	NIL
1.00	Property leases	NIL	NIL
193,750.00	Plant & machinery	NIL	NIL
245.00	Office Equipment	NIL	NIL
1.00	Motor vehicles	NIL	NIL
200,000.00	Stock	NIL	NIL
749.00	Fixtures & Fittings	NIL	NIL
5,249.00	Book debts	NIL	NIL
1.00	IT Systems	NIL	NIL
1.00	Sales Information	NIL	NIL
		NIL	NIL
PREFERENTIAL CREDITORS			
(514,099.00)	Secondary preferential creditor - HMRC	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(492,386.00)	Trade & expense	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			

**CPEL Realisations Limited (formerly known as Claro Precision Engineering Ltd) - in Administration****Abstract of receipts & payments**

Statement of affairs (£)		From 19/03/2024 To 22/03/2024 (£)	From 19/03/2024 To 22/03/2024 (£)
(10,000.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(1,586,469.00)</b>		<b>NIL</b>	<b>NIL</b>

## Appendix 3

## Joint Administrators' fees estimate

### Claro Precision Engineering Ltd – in Administration

	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
<b>Administration &amp; planning</b>				
<b>Cashiering</b> - processing and managing receipts and payments, bank reconciliations and adjustments, bank correspondence	Note 1	18.50	8,373.00	452.59
<b>General</b> - books and records, fees and ad hoc matters	Note 2	68.00	31,869.00	468.66
<b>Statutory and compliance</b> - appointment and related formalities, bonding, checklists and reviews, strategy documents and reviews,	Note 3	66.00	31,815.00	482.05
<b>Tax</b> - VAT & Corporation tax, initial reviews, pre and post appointment tax and VAT returns, opting to tax properties	Note 4	21.00	10,867.00	517.48
<b>Creditors</b>				
<b>Creditors and claims</b> - general correspondence, notification of appointment, statutory reports, collation and agreement of claims (where applicable), liaising with Secured Creditors	Note 5	81.00	36,833.00	454.73
<b>Employees</b> - residual employee claim matters, closing down PAYE scheme and pension scheme formalities including PPF liaison	Note 6	5.00	2,603.00	520.60
<b>Realisation of assets</b>				
<b>Asset realisations</b> - leasehold property matters including licence to occupy, realising residual Company assets, resolving all third party asset matters, insurance and health and safety matters	Note 7	85.00	42,473.00	499.68
<b>Investigations</b>				
<b>Directors</b> - correspondence, Statement of Affairs, Director questionnaires	Note 8	26.00	10,277.00	395.27
<b>Investigations</b> - Directors' conduct and affairs of the Company, mail redirection, D form drafting and submission	Note 9	19.00	7,728.00	406.74
<b>Total</b>		<b>389.50</b>	<b>182,838.00</b>	<b>469.42</b>

Our fees estimate is prepared on the basis of actual time spent on progressing the administration. Please note, our fees will be proportionate to the level of realisations achieved and apportioned according to time spent dealing with fixed and floating charge assets.

Whilst specific narrative is provided below to provide more context to the fees estimate, this should be read in conjunction with the report as a whole.

## Note 1 – Cashiering

This work primarily involves opening and maintaining the administration bank accounts for the Company and processing receipts, payments and journals as required. This may also include processing distributions to creditors in the event there were sufficient realisations.

In addition, the Joint Administrators' cashiering team performs regular bank reconciliations and reviews whether funds could be held on a Money Market account to achieve the best return for creditors, if appropriate.

Reconciliations of the Joint Administrators' accounting system will also be carried out to produce the Receipts & Payments accounts included in our reports to creditors.

This work is required by statute but may also provide a financial benefit to creditors, should there be sufficient funds available to distribute.

## Note 2 – General

As part of the transaction, some of the Company's electronic and physical records have been sold. Certain records that the Joint Administrators are required to retain are excluded from the transaction.

Relevant electronic records of the Company are due to be imaged and backed up by Interpath Advisory internal data specialists. These records will be retained for the duration of the administration, and for relevant periods after its cessation, prior to being securely destroyed or wiped. This work is required so that the Joint Administrators meet their statutory duties in retaining books and records. This can also lead to direct financial benefit for creditors if the records are required to assist the Joint Administrators in pursuing additional assets.

Any physical books and records excluded from the transaction will be collected and stored with the Joint Administrators' storage provider, Iron Mountain. Time may be spent collecting and returning records during the period of the administration.

We will incur time in managing our storage account with Iron Mountain and settling storage invoices.

Ongoing time will be periodically spent managing the Joint Administrators' budget, time costs and billing/invoicing as the administration progresses.

This work does not provide a financial benefit to creditors but is necessary as part of our statutory duties.

## Note 3 – Statutory and compliance

This includes time spent undertaking work to comply with our statutory obligations. This includes post-appointment related formalities, notifying the Registrar of Companies and other relevant parties of our appointment, formulating and monitoring the strategy for the administration, arranging adequate levels of bonding cover, and dealing with closure related formalities at the end of the administration.

Time spent dealing with all legal matters that may arise, and seeking relevant legal advice, is also recorded here, as is time spent completing internal compliance requirements to

ensure that the Joint Administrators' statutory duties are satisfied throughout the administration.

This work does not provide a financial benefit to creditors but is necessary as part of our statutory duties.

#### Note 4 – Tax

The Joint Administrators are required to notify HMRC of their appointment and address any outstanding tax and VAT matters, such that HMRC can finalise its claim against the Company.

This work will involve our internal tax and VAT specialists undertaking a review of the Company's affairs on appointment, plus submitting outstanding pre-appointment Corporation Tax and VAT returns on behalf of the Company, if relevant.

Periodic VAT returns and tax returns will be submitted during the administration for the relevant periods after our appointment.

Time may also be spent opting to tax the Company's leasehold premises to maximise VAT recoveries on property related transactions, for the benefit of the administration estate.

We will also review whether there is the opportunity to recover any pre-appointment VAT refunds and any corporation tax recoveries such as terminal loss relief claims. Accordingly, whilst this element of our work is required by statute, there may be direct benefit to creditors if any recoveries can be made. Updates will be provided to creditors in future reports.

#### Note 5 – Creditors and claims

Work carried out in this area includes notifying creditors of our appointment, dealing with creditor queries throughout the duration of the administration and preparing statutory reports to creditors.

This also involves dealing with both written and verbal correspondence from creditors including trade creditors, landlords, finance and lease companies and utilities providers. Where relevant, we will also spend time agreeing preferential and unsecured creditor claims.

We will also correspond with the Secured Creditors throughout the course of the administration.

This work is required by statute but also provides direct financial benefit to creditors should sufficient funds become available to make a distribution.

#### Note 6 – Employees

As outlined in this report, the Company employed 43 people, all of which have transferred to the Purchaser under TUPE regulations. We will deal with any relevant statutory employment related matters and queries raised by the Company's former employees. We will communicate throughout the administration with the Redundancy Payments Service, as applicable.

We will close down the Company's PAYE scheme and also notify the Pensions Regulator and Pension Protection Fund of any relevant pension schemes.

We are required to perform this work by statute.

#### Note 7 – Realisation of assets

It is currently estimated that time will be spent realising the following assets for the benefit of the Company's creditors:

- **Leasehold property** – monitoring the Purchaser's licence to occupy the Company's leasehold property as a condition of the sale of business, collecting the licence fee and making payment of rent;
- **Rent deposits** – pursuing collection of any rent deposits held by landlords in respect of the Company's leasehold property;
- **Transition Service Agreement** – initially maintaining access to some of the Group's IT infrastructure to facilitate the Purchaser's ongoing trading, including collecting the monthly TSA fee and making payments to relevant suppliers.

The Joint Administrators will obtain insurance cover for all tangible assets, secure the Company's premises once vacant, where appropriate, and satisfy all health and safety requirements at the Company's premises (all in so far as they remain the Company's responsibility).

The Joint Administrators will continue to explore all possibilities to maximise value for the benefit of the Company's creditors; time is therefore expected to be incurred in identifying, valuing and pursuing any other assets which may arise. As such, it should be noted that asset realisations are not necessarily limited to the above.

This work is required by statute but will also enhance asset realisations and hence potentially may provide a financial benefit to creditors should sufficient funds become available to make a distribution.

#### Note 8 – Directors

Time will be incurred corresponding with the Company's Directors and, where applicable, their advisors, in requesting completion of the Statement of Affairs and Directors' questionnaires (to assist the Joint Administrators in reviewing the Company's affairs in the period leading up to its insolvency). Time will also be spent corresponding with the Directors and seeking their assistance on relevant matters throughout the administration.

This work is required by statute but may also assist the Joint Administrators in identifying whether there are any other assets to pursue for the benefit of creditors.

This work is required by statute but may also assist the Joint Administrators in identifying whether there are any other assets to pursue which may provide a financial benefit to creditors.

#### Note 9 – Investigations

It is our statutory duty to formally investigate the affairs of the Company and the Directors' conduct prior to the administration.

This will involve a review of the Company's records - including transactions in the period prior to our appointment - and a subsequent report of our findings to the Secretary of State.

Should any potential claims arise, we will review whether it is cost effective to pursue them for the benefit of the administration estate.

This work is required by statute but may also assist the Joint Administrators in identifying whether there are any other assets to pursue which may provide a financial benefit to creditors.



## Appendix 4      Joint Administrators' expenses estimate

	Narrative	Initial Estimates (£)	Paid to date (£)	Future costs (£)	Total (£)
<b>Floating charge costs</b>					
Joint Administrators' pre-administration fees	1	676.00	-	676.00	676.00
Pre-administration legal fees and disbursements	2	50,501.83	-	50,501.83	50,501.83
Pre-administration Agents' fees and disbursements	3	3,650.00	-	3,650.00	3,650.00
Legal fees and disbursements	4	15,000.00	-	15,000.00	15,000.00
Rent	5	42,175.00	-	42,175.00	42,175.00
Insurance costs	6	500.00	-	500.00	500.00
Storage costs	7	1,000.00	-	1,000.00	1,000.00
Statutory advertising	8	91.00	-	91.00	91.00
Bank charges	9	200.00	-	200.00	200.00
<b>Total</b>		<b>113,793.83</b>	<b>-</b>	<b>113,793.83</b>	<b>113,793.83</b>

### Summary of expenses

#### Floating charge costs

Note 1 – Joint Administrators' pre-administration fees

Certain work was undertaken prior to our appointment with a view to placing the Company into administration, as detailed in section 3.4 of this report. The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration outlined in section 8.2.

Note 2 – Pre-administration legal fees and disbursements

Legal fees and disbursements were incurred by our legal advisors, Eversheds Sutherland, for drafting the asset purchase agreement as well as legal advice on the same and agreeing the form of the security releases.

Pre-administration legal costs were also incurred by Hill Dickinson for the preparation and execution of the appointment documentation, for the administration, and lodging this at Court.

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration outlined in section 8.2.

Note 3 – Pre-administration Agents' fees and disbursements

Sanderson Weatherall provided valuations of the plant and machinery and inventory of the Company, and also provided a letter of recommendation for the offer received for the business and assets from the Purchaser.

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration outlined in section 8.2.

#### Note 4 – Legal fees and disbursements

We have included an estimate of post-appointment legal fees and disbursements, for reviewing the validity of our appointment and the validity of the Secured Creditors' security, as well as providing ad hoc legal advice during the administration.

#### Note 5 – Rent

A licence to occupy the Company's leasehold property has been granted to the Purchaser and, accordingly, we have provided for rental costs during the period of the licence.

These costs will be recovered from the Purchaser under the terms of licence to occupy, where applicable.

#### Note 6 – Insurance costs

Insurance cover will be maintained for the Company's leasehold property during the period of the licence to occupy, where relevant, and prior to any lease assignment or surrender back to a landlord.

#### Note 7 – Storage costs

Any physical books and records excluded from the transaction will be collected and stored with the Joint Administrators' storage provider, Iron Mountain. We have included an estimate of the cost to collect and store these records.

#### Note 8 – Statutory advertising

The Joint Administrators are required to place a statutory advertisement in the London Gazette advising of our appointment. Following this, we do not anticipate further adverts will be required.

#### Note 9 – Bank charges

A provision of £200 has been made in respect of bank charges that may be incurred in processing payments throughout the administration.

## Appendix 5 Joint Administrators' charging and expenses policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of in-house Interpath Advisory tax, VAT and employee specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact [ClaroPrecision@interpathadvisory.com](mailto:ClaroPrecision@interpathadvisory.com)

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Managing Director	780	839
Director	725	779
Associate Director	635	683
Manager	530	570
Senior Associate	370	398
Associate	265	285
Support	165	177

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Please note that our charge-out rates are due to rise on 1 April 2024, and the revised rates are included in the table above for information purposes.

#### Policy for the recovery of expenses

Where funds permit, the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

*Expenses:* These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

*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 may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

*Category 2 expenses:* These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

*Associates:* are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath Restructuring include mileage.

Mileage claims are charged at up to a maximum of 45p per mile, depending on the member of staff and vehicle type. When carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have the authority to pay Category 1 expenses without the need for any prior approval from the creditors of the Company.

Category 2 expenses are to be approved in the same manner as our remuneration.

#### Narrative of work carried out for the period 19 March 2024 to 22 March 2024

Statutory and compliance	collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; issuing regular press releases and posting information on a dedicated web page; preparing statutory receipts and payments accounts; arranging bonding and complying with statutory requirements; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and	formulating, monitoring and reviewing the administration strategy; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update

reviews	meetings and calls; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions; and complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	providing written and oral updates to representatives of HSBC and HSBC IF regarding the progress of the administration and case strategy.
Cashiering	setting up administration bank accounts and dealing with the Company's pre-appointment accounts; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	gathering initial information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; reviewing the Company's pre-appointment corporation tax and VAT position; analysing and considering the tax effects of various sale options to maximise realisations; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; dealing with post appointment tax compliance.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	collating information from the Company's records regarding the assets; liaising with the the Purchaser regarding debtor recoveries
Property matters	reviewing the Company's leasehold properties, including review of leases; performing land registry searches.
Sale of business	completing the pre-packaged sale of the business and certain assets to the Purchaser, plus ongoing post-sale matters.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums.
Employees	dealing with statutory employment related matters, including statutory notices to employees.
Pensions	ensuring compliance with our duties to issue statutory notices to the trustees of the pension scheme, the Pensions regulator and the Pension Protection Fund.
Creditors and claims	drafting and circulating our proposals; creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; dealing with suppliers with retention of title claims;
Investigations/ Directors	liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies;

## Time costs

### Pre-Administration costs (18/03/2024 to 18/03/2024)

	Hours				Total	Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support			
Pre-Admin Appointment documents	0.80		0.20		1.00	676.00	676.00
<b>Total</b>	<b>0.80</b>	<b>0.00</b>	<b>0.20</b>	<b>0.00</b>	<b>1.00</b>	<b>676.00</b>	<b>676.00</b>

### SIP 9 –Time costs analysis (19/03/2024 to 22/03/2024)

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
General (Cashiering)	0.20	74.00	370.00
Statutory and compliance			
Appointment and related formalities	21.10	9,221.00	437.01
Budgets & Estimated outcome statements	2.40	846.00	352.50
Statutory advertising	0.10	63.50	635.00
Strategy documents	0.90	702.00	780.00
<b>Creditors</b>			
Creditors and claims			
General correspondence	1.50	760.00	506.67
Notification of appointment	0.30	190.50	635.00
Statutory reports	9.60	4,235.00	441.15
Employees			
Employee Correspondence	0.50	132.50	265.00
<b>Investigation</b>			
Directors			
Statement of affairs	0.70	371.00	530.00
<b>Realisation of assets</b>			
Asset Realisation			
Health & safety	0.30	79.50	265.00
Leasehold property	0.80	264.50	330.63
Sale of business	2.60	1,733.00	666.54
<b>Total in period</b>	<b>41.00</b>	<b>18,672.50</b>	<b>455.43</b>

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	41.00	18,672.50
Carry forward time (appointment date to SIP 9 period end date)	41.00	18,672.50

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

## **Appendix 6            Statement of Affairs, including creditor list**

This is the Statement of Affairs for the Company as at the date of our appointment.

The Statement of Affairs was provided by David James Brindle.

Comment re limited disclosure where applicable; including:

    The date of the order of limited disclosure; and

    The details or a summary of the details that are not subject to that order.

We have not carried out anything in the nature of an audit on the information provided.  
The figures do not take into account the costs of the administration.



Rule 3.30

Statement of Affairs

Name of company CPEL Realisations Limited (formerly known as Claro Precision Engineering Limited)	Company number 01374225
In the High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List (ChD)	Court case number CR-2024-MAN-000397

Statement as to the affairs of (a)  
CPEL Realisations Limited (formerly known as Claro Precision Engineering Limited)  
c/o Pexion, George Street, Chorley, PR7 2BE

(a) Insert name and address of registered office of the company

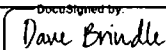
on the (b) 19 March 2024 the date that the company entered administration.

(b) Insert date of appointment

Statement of Truth

I believe that the facts stated in this statement of affairs are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full name Dave Brindle

Signed 

Dated 27/3/2024 11:55 GMT

## A - Summary of Assets

### Assets

	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Sale & leaseback fixed assets	485,600	-
Trade debtors	362,665	1
Goodwill	-	149,999
Intellectual Property	-	1
<b>Total assets subject to fixed charge</b>	<b>848,268</b>	<b>150,001</b>
Less: Amount(s) due to fixed charge holder(s)		
Sale & leaseback - Praetura Asset Finance	(482,545)	(482,545)
Invoice discounting - HSBC	(637,439)	(637,439)
<b>Shortfall/surplus to fixed charge holder(s) c/d</b>	<b>848,268</b>	<b>(969,983)</b>
Assets subject to floating charge:		
Business Records	-	1
Contracts	-	1
Book Debts	362,665	5,249
IT Systems	-	1
Motor Vehicles	-	1
Plant & Machinery	121,171	193,750
Land & Buildings	2,861	-
Office Equipment	1,021	245
Fixtures & Fittings	3,669	749
Property leases	-	1
Sales Information	-	1
Stock	767,120	200,000
Prepayments	21,167	-
Cash	982,810	-
Intercompany	4,369	-
<b>Total assets subject to floating charge</b>	<b>2,588,548</b>	<b>399,999</b>
Uncharged assets:		
<b>Total uncharged assets</b>	<b>-</b>	<b>-</b>
<b>Estimated total assets available for preferential creditors</b>		<b>399,999</b>

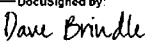
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27/3/2024 | 11:55 GMT

Date

## A1 - Summary of Liabilities

£	Estimated to Realise £
<b>Estimated total assets available for preferential creditors (carried from page A)</b>	<b>399,999</b>
<b>Liabilities</b>	
Preferential creditors:	-
Preferential (employee) creditors (No. 43)	-
Other preferential creditors	(514,099)
<b>Estimated deficiency/surplus as regards preferential creditors</b>	<b>(114,100)</b>
Less uncharged assets	
<b>Net property</b>	<b>(114,100)</b>
Estimated prescribed part of net property where applicable (to carry forward)	
<b>Estimated total assets available for floating charge holders</b>	<b>-</b>
Debts secured by floating charges	-
<b>Estimated deficiency/surplus of assets after floating charges</b>	<b>-</b>
Estimated prescribed part of net property where applicable (brought down)	-
Uncharged assets	
<b>Total assets available to unsecured creditors</b>	<b>-</b>
Unsecured (trade) (non-preferential) creditors	(492,386)
Unsecured (employee) creditors (No. 43)	-
Unsecured (pre-paid consumer) creditors (No. nil)	-
<b>Estimated deficiency/surplus as regards unsecured creditors</b>	<b>(492,386)</b>
Shortfall to fixed charge holders (brought down)	(969,983)
Shortfall to preferential creditors (brought down)	(114,100)
Shortfall to floating charge holders (brought down)	-
<b>Estimated deficiency/surplus as regards creditors</b>	<b>(1,576,469)</b>
Issued and called up capital	(10,000)
<b>Estimated total deficiency/surplus as regards members</b>	<b>(1,586,469)</b>

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Signature

Date

27/3/2024 | 11:55 GMT

## Company Trade Creditors

NOTE: You must include all creditors with the exception of employee creditors and pre-paid insurance creditors. You must list all items of the creditors under the purchase of the goods or services and agreements to purchase of the goods or services in the column below. You must also identify the creditor's name and the creditor's address in the column below. You must also identify the creditor's name and the creditor's address in the column below.

Company Name	Address	City	State	Zip	Account Number	Balance Due	Payment Due Date	Payment Method	Comments
ABC Company, Inc.	1234 Main Street	Anytown	CA	90210	123456789	100.00	01/15/2024	ACH	
DEF Corporation	5678 Elm Avenue	Springfield	IL	62701	987654321	250.00	02/01/2024	Check	
GHI Industries, LLC	9010 Oak Drive	Portland	OR	97201	555555555	75.00	03/10/2024	ACH	
JKL Enterprises, Inc.	2345 Pine Street	San Diego	CA	92101	111111111	150.00	04/05/2024	Check	
MNO Services, Inc.	6789 Maple Avenue	Phoenix	AZ	85001	222222222	300.00	05/01/2024	ACH	
PQR Technology, Inc.	10110 Cedar Lane	Seattle	WA	98101	333333333	400.00	06/01/2024	Check	
STU Logistics, Inc.	11212 Birch Street	Los Angeles	CA	90001	444444444	600.00	07/01/2024	ACH	
VWX Manufacturing, Inc.	13134 Spruce Avenue	Chicago	IL	60601	555555555	800.00	08/01/2024	Check	
YZA Construction, Inc.	14146 Ash Street	San Francisco	CA	94101	666666666	900.00	09/01/2024	ACH	
BCD Energy, Inc.	15148 Willow Lane	Denver	CO	80201	777777777	1000.00	10/01/2024	Check	
EFG Telecommunications, Inc.	16150 Poplar Avenue	Phoenix	AZ	85001	888888888	1100.00	11/01/2024	ACH	
HIJ Aerospace, Inc.	17152 Hickory Street	San Jose	CA	95101	999999999	1200.00	12/01/2024	Check	
LMN Biotechnology, Inc.	18154 Walnut Avenue	San Francisco	CA	94101	101010101	1300.00	01/01/2025	ACH	
OPQ Pharmaceuticals, Inc.	19156 Chestnut Lane	San Francisco	CA	94101	202020202	1400.00	02/01/2025	Check	
RST Chemicals, Inc.	20158 Sycamore Street	San Francisco	CA	94101	303030303	1500.00	03/01/2025	ACH	
UVW Plastics, Inc.	21160 Magnolia Avenue	San Francisco	CA	94101	404040404	1600.00	04/01/2025	Check	
XYZ Textiles, Inc.	22162 Dogwood Lane	San Francisco	CA	94101	505050505	1700.00	05/01/2025	ACH	
ABC Packaging, Inc.	23164 Redwood Street	San Francisco	CA	94101	606060606	1800.00	06/01/2025	Check	
DEF Printing, Inc.	24166 Juniper Avenue	San Francisco	CA	94101	707070707	1900.00	07/01/2025	ACH	
GHI Media, Inc.	25168 Cypress Lane	San Francisco	CA	94101	808080808	2000.00	08/01/2025	Check	
JKL Advertising, Inc.	26170 Fir Street	San Francisco	CA	94101	909090909	2100.00	09/01/2025	ACH	
MNO Public Relations, Inc.	27172 Hemlock Avenue	San Francisco	CA	94101	101010101	2200.00	10/01/2025	Check	
PQR Consulting, Inc.	28174 Spruce Lane	San Francisco	CA	94101	202020202	2300.00	11/01/2025	ACH	
STU Training, Inc.	29176 Cedar Street	San Francisco	CA	94101	303030303	2400.00	12/01/2025	Check	
VWX Coaching, Inc.	30178 Birch Avenue	San Francisco	CA	94101	404040404	2500.00	01/01/2026	ACH	
YZA Mentoring, Inc.	31180 Willow Lane	San Francisco	CA	94101	505050505	2600.00	02/01/2026	Check	
ABC Leadership, Inc.	32182 Poplar Street	San Francisco	CA	94101	606060606	2700.00	03/01/2026	ACH	
DEF Executive, Inc.	33184 Sycamore Avenue	San Francisco	CA	94101	707070707	2800.00	04/01/2026	Check	
GHI Strategy, Inc.	34186 Chestnut Lane	San Francisco	CA	94101	808080808	2900.00	05/01/2026	ACH	
JKL Innovation, Inc.	35188 Dogwood Street	San Francisco	CA	94101	909090909	3000.00	06/01/2026	Check	
MNO Future, Inc.	36190 Magnolia Avenue	San Francisco	CA	94101	101010101	3100.00	07/01/2026	ACH	
PQR Vision, Inc.	37192 Juniper Lane	San Francisco	CA	94101	202020202	3200.00	08/01/2026	Check	
STU Impact, Inc.	38194 Cypress Street	San Francisco	CA	94101	303030303	3300.00	09/01/2026	ACH	
VWX Change, Inc.	39196 Fir Avenue	San Francisco	CA	94101	404040404	3400.00	10/01/2026	Check	
YZA Transform, Inc.	40198 Hemlock Lane	San Francisco	CA	94101	505050505	3500.00	11/01/2026	ACH	
ABC Evolve, Inc.	41200 Spruce Street	San Francisco	CA	94101	606060606	3600.00	12/01/2026	Check	
DEF Adapt, Inc.	42202 Cedar Avenue	San Francisco	CA	94101	707070707	3700.00	01/01/2027	ACH	
GHI Thrive, Inc.	43204 Birch Lane	San Francisco	CA	94101	808080808	3800.00	02/01/2027	Check	
JKL Flourish, Inc.	44206 Willow Street	San Francisco	CA	94101	909090909	3900.00	03/01/2027	ACH	
MNO Prosper, Inc.	45208 Poplar Avenue	San Francisco	CA	94101	101010101	4000.00	04/01/2027	Check	
PQR Succeed, Inc.	46210 Sycamore Lane	San Francisco	CA	94101	202020202	4100.00	05/01/2027	ACH	
STU Achieve, Inc.	47212 Chestnut Street	San Francisco	CA	94101	303030303	4200.00	06/01/2027	Check	
VWX Attain, Inc.	48214 Dogwood Avenue	San Francisco	CA	94101	404040404	4300.00	07/01/2027	ACH	
YZA Fulfill, Inc.	49216 Magnolia Lane	San Francisco	CA	94101	505050505	4400.00	08/01/2027	Check	
ABC Realize, Inc.	50218 Juniper Street	San Francisco	CA	94101	606060606	4500.00	09/01/2027	ACH	
DEF Embrace, Inc.	51220 Cypress Avenue	San Francisco	CA	94101	707070707	4600.00	10/01/2027	Check	
GHI Cherish, Inc.	52222 Fir Lane	San Francisco	CA	94101	808080808	4700.00	11/01/2027	ACH	
JKL Treasure, Inc.	53224 Hemlock Street	San Francisco	CA	94101	909090909	4800.00	12/01/2027	Check	
MNO Prize, Inc.	54226 Spruce Avenue	San Francisco	CA	94101	101010101	4900.00	01/01/2028	ACH	
PQR Reward, Inc.	55228 Cedar Lane	San Francisco	CA	94101	202020202	5000.00	02/01/2028	Check	
STU Gift, Inc.	56230 Birch Street	San Francisco	CA	94101	303030303	5100.00	03/01/2028	ACH	
VWX Blessing, Inc.	57232 Willow Avenue	San Francisco	CA	94101	404040404	5200.00	04/01/2028	Check	
YZA Favor, Inc.	58234 Poplar Lane	San Francisco	CA	94101	505050505	5300.00	05/01/2028	ACH	
ABC Grace, Inc.	59236 Sycamore Street	San Francisco	CA	94101	606060606	5400.00	06/01/2028	Check	
DEF Mercy, Inc.	60238 Chestnut Avenue	San Francisco	CA	94101	707070707	5500.00	07/01/2028	ACH	
GHI Kindness, Inc.	61240 Dogwood Lane	San Francisco	CA	94101	808080808	5600.00	08/01/2028	Check	
JKL Gentleness, Inc.	62242 Magnolia Street	San Francisco	CA	94101	909090909	5700.00	09/01/2028	ACH	
MNO Patience, Inc.	63244 Juniper Avenue	San Francisco	CA	94101	101010101	5800.00	10/01/2028	Check	
PQR Self-control, Inc.	64246 Cypress Lane	San Francisco	CA	94101	202020202	5900.00	11/01/2028	ACH	
STU Discipline, Inc.	65248 Fir Street	San Francisco	CA	94101	303030303	6000.00	12/01/2028	Check	
VWX Obedience, Inc.	66250 Hemlock Avenue	San Francisco	CA	94101	404040404	6100.00	01/01/2029	ACH	
YZA Reverence, Inc.	67252 Spruce Lane	San Francisco	CA	94101	505050505	6200.00	02/01/2029	Check	
ABC Worship, Inc.	68254 Cedar Street	San Francisco	CA	94101	606060606	6300.00	03/01/2029	ACH	
DEF Praise, Inc.	69256 Birch Avenue	San Francisco	CA	94101	707070707	6400.00	04/01/2029	Check	
GHI Sing, Inc.	70258 Willow Lane	San Francisco	CA	94101	808080808	6500.00	05/01/2029	ACH	
JKL Play, Inc.	71260 Poplar Street	San Francisco	CA	94101	909090909	6600.00	06/01/2029	Check	
MNO Dance, Inc.	72262 Sycamore Avenue	San Francisco	CA	94101	101010101	6700.00	07/01/2029	ACH	
PQR Exercise, Inc.	73264 Chestnut Lane	San Francisco	CA	94101	202020202	6800.00	08/01/2029	Check	
STU Yoga, Inc.	74266 Dogwood Street	San Francisco	CA	94101	303030303	6900.00	09/01/2029	ACH	
VWX Meditation, Inc.	75268 Magnolia Avenue	San Francisco	CA	94101	404040404	7000.00	10/01/2029	Check	
YZA Mindfulness, Inc.	76270 Juniper Lane	San Francisco	CA	94101	505050505	7100.00	11/01/2029	ACH	
ABC Transcendental, Inc.	77272 Cypress Street	San Francisco	CA	94101	606060606	7200.00	12/01/2029	Check	
DEF Zen, Inc.	78274 Fir Avenue	San Francisco	CA	94101	707070707	7300.00	01/01/2030	ACH	
GHI Tao, Inc.	79276 Hemlock Lane	San Francisco	CA	94101	808080808	7400.00	02/01/2030	Check	
JKL Qi Gong, Inc.	80278 Spruce Street	San Francisco	CA	94101	909090909	7500.00	03/01/2030	ACH	
MNO Tai Chi, Inc.	81280 Cedar Avenue	San Francisco	CA	94101	101010101	7600.00	04/01/2030	Check	
PQR Judo, Inc.	82282 Birch Lane	San Francisco	CA	94101	202020202	7700.00	05/01/2030	ACH	
STU Karate, Inc.	83284 Willow Street	San Francisco	CA	94101	303030303	7800.00	06/01/2030	Check	
VWX Taekwondo, Inc.	84286 Poplar Avenue	San Francisco	CA	94101	404040404	7900.00	07/01/2030	ACH	
YZA Jujitsu, Inc.	85288 Sycamore Lane	San Francisco	CA	94101	505050505	8000.00	08/01/2030	Check	
ABC Aikido, Inc.	86290 Chestnut Street	San Francisco	CA	94101	606060606	8100.00	09/01/2030	ACH	
DEF Kung Fu, Inc.	87292 Dogwood Avenue	San Francisco	CA	94101	707070707	8200.00	10/01/2030	Check	
GHI Hapkido, Inc.	88294 Magnolia Lane	San Francisco	CA	94101	808080808	8300.00	11/01/2030	ACH	
JKL Hwoondo, Inc.	89296 Juniper Street	San Francisco	CA	94101	909090909	8400.00	12/01/2030	Check	
MNO Kukwon, Inc.	90298 Cypress Avenue	San Francisco	CA	94101	101010101	8500.00	01/01/2031	ACH	
PQR Taekwon-Do, Inc.	91300 Fir Lane	San Francisco	CA	94101	202020202	8600.00	02/01/2031	Check	
STU Judo, Inc.	92302 Hemlock Street	San Francisco	CA	94101	303030303	8700.00	03/01/2031	ACH	
VWX Karate, Inc.	93304 Spruce Avenue	San Francisco	CA	94101	404040404	8800.00	04/01/2031	Check	
YZA Judo, Inc.	94306 Cedar Lane	San Francisco	CA	94101	505050505	8900.00	05/01/2031	ACH	
ABC Judo, Inc.	95308 Birch Street	San Francisco	CA	94101	606060606	9000.00	06/01/2031	Check	
DEF Judo, Inc.	96310 Willow Avenue	San Francisco	CA	94101	707070707	9100.00	07/01/2031	ACH	
GHI Judo, Inc.	97312 Poplar Lane	San Francisco	CA	94101	808080808	9200.00	08/01/2031	Check	
JKL Judo, Inc.	98314 Sycamore Street	San Francisco	CA	94101	909090909	9300.00	09/01/2031	ACH	
MNO Judo, Inc.	99316 Chestnut Avenue	San Francisco	CA	94101	101010101	9400.00	10/01/2031	Check	
PQR Judo, Inc.	100318 Dogwood Lane	San Francisco	CA	94101	202020202	9500.00	11/01/2031	ACH	
STU Judo, Inc.	101320 Magnolia Street	San Francisco	CA	94101	303030303	9600.00	12/01/2031	Check	
VWX Judo, Inc.	102322 Juniper Avenue	San Francisco	CA	94101	404040404	9700.00	01/01/2032	ACH	
YZA Judo, Inc.	103324 Cypress Lane	San Francisco	CA	94101	505050505	9800.00	02/01/2032	Check	
ABC Judo, Inc.	104326 Fir Street	San Francisco	CA	94101	606060606	9900.00	03/01/2032	ACH	
DEF Judo, Inc.	105328 Hemlock Avenue	San Francisco	CA	94101	707070707	10000.00	04/01/2032	Check	

Signature

Declassified by:  
Dave Brindle  
201704080001.000

Date: 2/3/2024 | 11:55 GMT



## **Claro Precision Engineering Limited - in Administration (the 'Company') SIP 16 memorandum of sale of business**

This statement is made in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice ("SIP") 16, the latest version of which is effective from 30 April 2021. Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency.

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who affects the sale immediately on, or shortly after, his appointment or for the case of a substantial disposal to a connected person, within eight weeks of appointment. A connected person is defined in SIP 16 as a person with any connection to the directors, shareholders or secured creditors of the company or their associates.

SIP 16 can be located via this link:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/sips/england/sip-16-england-and-wales-300421.ashx>

### **Overview**

A Notice of Appointment of Administrators was made by the Company under paragraph 29 of Schedule B1 of the Insolvency Act 1986 and Richard Harrison and Howard Smith (the 'Joint Administrators') were appointed as Joint Administrators of Claro Precision Engineering – in Administration (the 'Company') on 19 March 2024.

Shortly following the Joint Administrators' appointment, a sale of the business and assets of the Company was completed on 19 March 2024 to Amcomri 18 Limited (the 'Purchaser').

The Pexion group (the 'Group') operates in the precision and electrical engineering market and has exposure to a number of sectors, including aerospace, automotive, medical and general industrial sectors. The Group consists of a parent company and 14 trading subsidiaries:

Company	Company number	Abbreviation
Pexion Limited	02033029	Pexion
Alan Gordon Engineering Co Ltd	02112664	AGE
Claro Precision Engineering Ltd	01374225	CPE
Clitheroe Light Engineering Ltd	04300370	CLE
Drurys Engineering Ltd	02970004	Drurys
Elite Tooling Solutions Ltd	09521961	EIS
HT Tooling Solutions Ltd	02600078	HTIS
Nitronica Ltd	N1044632	Nitronica
Oxton Engineering Company Ltd	01426174	OEL
Paragon Precision Ltd	02147813	PPL
Phasa Ltd	06125612	Phasa
Precision Engineering Pieces Ltd	01491299	PEP
Rictor Engineering Ltd	01808132	REL
Simtek FMS Ltd	04640681	Simtek
SKN Electronics Ltd	02012444	SKN

The Group is wholly owned by SDD Engineering Holdings Limited ('SDD') (formerly called RDCP Investments 13 Limited).

## Initial introduction

In September 2020, KPMG LLP ('KPMG') was introduced to the Company by HSBC Bank Plc (the 'Bank' or 'HSBC'). Shortly thereafter, KPMG was engaged by the Company and HSBC to complete an Independent Business Review and ongoing reports to monitor the performance of the business and adherence to the banking covenants.

On 4 May 2021 KPMG sold its restructuring division and it became Interpath Limited ("Interpath").

Since the initial engagement, Interpath has been re-engaged on multiple occasions:

- March 2022: In conjunction with our Debt Advisory team, we ran an Early Options process to explore the Group's sale, refinancing and investment options. This process concluded with the shareholders completing a solvent transaction that resulted in majority control of the Group being sold to SDD in December 2022.
- March 2023: SDD failed to inject £2.0 million of working capital into the Group within the required timeline, as had been agreed as part of the share sale. Interpath was engaged: 1) to run an Early Options process to explore the Group's options; and 2) to provide stakeholder advisory support in respect of the pension stakeholders, primarily the Pension Trustees, Pension Protection Fund ('PPF') and the Pensions Regulator, in relation to potential transaction activity. Over 130 parties were approached as part of the Early Options process and a preferred bidder was identified. Concurrently, SDD offered to inject £1.0 million of additional equity, with a further £2.0 million raised through asset finance. SDD's offer was preferred by the Directors and key stakeholders as it kept the Group, Bank and pension scheme whole. Accordingly, the transaction completed in November 2023.

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- February 2024: Following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. Accordingly, Interpath was engaged to run an Early Options process, including exploring options to sell the Group as a whole or identify offers for individual entities. We also undertook a full contingency planning exercise in the event of a wind-down insolvency scenario.

## Pre-appointment considerations

### Background

The entity subject to this SIP 16 memorandum of sale of business (the 'Transaction') is Claro Precision Engineering Limited (the 'Company' or 'CPE') which was incorporated on 20 June 1978.

CPE manufactures precision machining parts and provides CNC milling and turning to its customers. CPE supplies into the industrial, marine, scientific and medical sectors, with annual turnover of approximately £5.3 million.

The statutory directors of the Company are David Brindle and Darren Turner (the 'Directors'). The Company is a wholly owned subsidiary of Claro Ltd, with SDD as the ultimate parent company.

There are multiple outstanding charges registered at Companies House with respect to the Company:

Charges	Date created	Charge code	Security
HSBC UK Bank Plc	03/01/2024	0137 4225 0016	A legal assignment of contract monies
SDD Holdings Limited	21/12/2022	0137 4225 0015	Legal mortgage over intellectual property and freehold land and building
HSBC UK Bank Plc	25/01/2019	0137 4225 0014	Fixed and floating charge
HSBC Bank Plc	27/10/2016	0137 4225 0014	A fixed and floating charge over all assets
HSBC Invoice Finance (UK) Ltd	18/10/2016	0137 4225 0012	Fixed and floating charge
HSBC Bank Plc	28/09/2011	0137 4225 0014	A legal assignment of contract monies

We will obtain independent legal advice and confirmation on the validity of the charges before making any distributions in the administration.

### Events leading up to insolvency

Following a review of the short-term cash flow forecast in January 2024, Management raised concerns over the medium-term financial viability of the Group. This was due to a series of

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missed customer orders and significant supplier pressure, resulting in a number of suppliers putting the Company onto proforma payments.

Accordingly, and as noted above, the Group subsequently engaged Interpath on 5 February 2024 to support it with an options process, focussing on exploring the sale and restructuring options available to the business by assessing potential interest from either trade or financial investors.

Due to the financial position of the Group, a deadline for indicative offers was set as 12 February 2024 and final offers requested by 20 February 2024, with a view to concluding a transaction on 1 March 2024. The level of interest received and the Group's cash position allowed for a slightly extended process following the final offer deadline to allow for legal documentation to be completed. The transaction was subsequently completed on 19 March 2024. See 'Marketing of the business and assets' section for more details.

In anticipation of the appointment of administrators a Notice of Intention to Appoint Administrators was filed by the Directors on 13 March 2024.

On 7 February 2024, Amcomri Group Limited ('Amcomri'), a financial investor and unconnected third party, commenced negotiations with Interpath to express its interest in acquiring the business and assets of the Company through a subsidiary, Amcomri 18 Limited (the 'Purchaser' or 'Amcomri 18').

On 21 February 2024, Amcomri submitted an offer of £1.25 million to acquire the business and certain assets of both DEL and the Company. Final consideration of £550,000 was agreed for the business and certain assets of the Company including plant and machinery, stock, unencumbered book debts, and goodwill through a pre-pack sale. The HSBC Invoice Finance ('HSBC IF') book debt ledger has also been novated to the Purchaser.

A licence to occupy for a period of six months has been granted in respect of the Company's leasehold property. A transactional service agreement ('TSA') in respect of the Company's IT systems has also been granted to the Purchaser for a period of three months.

A Notice of Appointment of Administrators was filed at Court on 19 March 2024 and the Transaction to Amcomri was completed shortly after the Joint Administrators' appointment.

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## Other courses of action considered

Prior to appointment, the Joint Administrators undertook a review of the other possible courses of action, both on a solvent and insolvent basis, comparing the likely outcome for creditors where applicable. These included but were not limited to:

**1. Trading on solvently** – With the Group's ongoing trading losses, there was insufficient funding for the Directors to continue trading without significant investment. In the absence of additional funding / investment from the current shareholders, third parties or through a sale to a third party, this option was not considered viable by the Directors. We understand that the Directors took independent legal advice in this regard.

**2. Trading administration** – A trading administration was considered, but not pursued for the following reasons:

- If the Company attempted to trade in administration, there would be an immediate cash requirement to pay staff and there is a significant risk that critical suppliers may require the same, noting that the Company was already on proforma payments with a number of its suppliers. Given the cash requirement, secured lender support would be needed to assist with funding the administration, and there was limited ability to provide certainty as to the profitability of any trading.
- Trading was not considered to be likely to improve the level of net realisations for creditors, especially given the levels of recent trading losses by the Company. Trading costs would also significantly increase the total quantum of administration costs and expenses incurred, including the additional stock, insurance and professional costs.
- Given the extensive marketing of the Company, prior to the Joint Administrators' appointment, it was unlikely that trading in the administration would result in a sale of the business either as a going concern or on a business and assets basis. Therefore, trading in the administration was likely to only postpone the period before which an alternative strategy would be required.

**3. Wind down administration** – This option would have seen the Company cease to trade upon the appointment of the Joint Administrators, with assets realised on a break-up basis. This was the likely option if a sale could not be achieved, as it was not deemed viable or in the interest of the Company's creditors to continue to trade in the administration (as noted above).

Ceasing to trade and winding down the Company's operations would significantly reduce any goodwill in the business and most employees were likely to have been made redundant following the Joint Administrators' appointment. This would inhibit the ability to agree a sale of the business as a going concern or on a business and assets basis.

The HSBC IF book debt ledger has been novated to the Purchaser. Together with the continuation of trading, the level of return under this asset will be maximised for the benefit of one of the Company's major creditors. A wind down administration would likely have an adverse impact on debtor collections and would therefore have had a detrimental effect on HSBC IF's indebtedness.

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Due to the associated holding costs of the Company's property and assets, the costs in this scenario would significantly reduce the net realisations from the Company's assets if they were sold piecemeal.

**4. Pre-packaged administration sale** – As detailed above, the business and assets of the Company were marketed for sale prior to our appointment, as part of an accelerated sale process and an offer was received from the Purchaser on an insolvent basis via a pre-packaged administration.

Per our estimated outcome statements, the sale of the business via a pre-pack will achieve a better outcome for creditors as it exceeds the net break-up valuation of all the Company's assets (after costs of realisation). Based on our prior experience, we expect that material additional costs would have been incurred, including professional fees (including agents), sale costs (e.g. the preparation for auctions) and holding costs (e.g. rent and utilities).

A sale of the business via a pre-pack administration enables continuation of trade, preserving goodwill which would quickly diminish should the Company cease to trade and if a sale was to be completed post-appointment. Continuity of supply also maintains relationships with customers which in turn ought to enhance debtor book realisations under the HSBC invoice finance facility.

Moreover, 43 directly attributable staff were transferred to the Purchaser under TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006), preserving these jobs and reducing the level of both preferential and unsecured claims received in the administration.

Accordingly, a pre-pack sale was assessed as representing a better outcome than the other options, whilst delivering a greater level of certainty for creditors and employees.

As a result, the Joint Administrators purpose of the administration is under Paragraph 3(1)(b) of Schedule B1 of the Insolvency Act 1986, 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).

**5. Company voluntary arrangement ('CVA')** – Due to the absence of additional funding, ongoing trading losses, the limited time available to assess and implement a CVA and working capital pressures on the Company, it was not considered that a CVA would be feasible.

**6. Restructuring Plan** – This was not considered feasible in the time available. This insolvency mechanism is normally used by larger companies with international operations and more complex funding / debt structures, and so was not considered appropriate in this instance.

## Marketing of the business and assets

As detailed above, on 5 February 2024, Interpath was engaged by the Company to undertake an Early Options engagement to achieve a sale of the Company. Approaches were made to financial investors, trade parties and former owners of the Group identified by Interpath, the Company and the Directors.

On 6 February 2024, a teaser document was circulated to Interpath's distressed investor list (147 parties), all of whom have track records in transacting in distressed situations. In addition, 39 trade parties identified by Interpath and the Company's management team, plus eight of the Group's former owners, were approached.

It was considered whether wider marketing would be appropriate and of benefit, including over the internet; however, there were significant concerns that using online publications could be detrimental to trading and therefore erode the value of the business.

Following issuing the teaser document with respect to the Group, 45 non-disclosure agreements (NDAs) were issued to interested parties, of which all were signed (31 distressed investors, seven trade parties and seven former owners) and returned with data room access provided thereafter. Due to the financial position of the Group, a deadline for initial offers was set as 12 February 2024 with an initial intention to complete a transaction on or before 1 March 2024. The relatively stable cashflow through February enabled the process to extend into March.

## Valuation of the business and assets

Prior to the Joint Administrators' appointment, the Group engaged Sanderson Weatherall ('SW') to value the tangible assets of the Company, including stock and plant and machinery. SW visited the Company's premises on 21 February 2024 to undertake an asset valuation. SW has confirmed that it is an independent third-party in respect of the Company and it has an appropriate level of professional indemnity cover in place for this advice. SW is a Royal Institution of Chartered Surveyors ('RICS') registered and regulated firm.

The valuation was prepared by Neil Simpson from SW who holds the experience, skills and knowledge necessary to undertake the valuation competently. Neil Simpson also confirmed his independence from the Company, the Purchaser and the Directors.

SW's valuation of the Company's tangible assets subject to the sale (excluding any costs of realisation) is shown below. SW performed both "in-situ" and "ex-situ" valuations for the plant and machinery. Given the most likely alternative course of action for the business was a wind down administration (i.e. an ex-situ realisation strategy for the plant and machinery), the most relevant comparator valuation for this purpose is the ex-situ valuation provided by SW:

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Item	Valuation (£)
Stock	36,857
Unencumbered P&M	20,000
Encumbered P&M	500,000
Outstanding finance	(477,207)
<b>Ex-situ value pre-realisation costs</b>	<b>79,650</b>

The valuation presented above is before the deduction of sales costs, rent, rates, employee costs, lease costs and additional occupation / realisation costs, as well as professional fees for undertaking a disposal of the stock – which in an “ex-situ” scenario would be significant, resulting in a significantly reduced net realisation value for the Company's assets.

Accordingly, based on the valuation above, the quantum of the offer received from Amcomri, and considering the significant costs that would be incurred should the assets be realised on an “ex-situ” basis (including holding costs), SW recommended to the Joint Administrators that the Purchaser's offer be accepted. As a result, the Joint Administrators determined that a ‘pre-pack’ sale represented the best outcome to creditors as a whole.

## Consultation with HSBC IF and HSBC

HSBC IF provides the Company with a confidential invoice financing facility and benefits from a legal assignment of the Company's debtor book. As at the date of the Joint Administrators' appointment, HSBC's funds in use with respect to the Group's facility was approximately £5.5 million.

HSBC provides a revolving cashflow facility to the Group and, in March 2021, provided an additional CBILS loan to support the Group through the COVID-19 pandemic. As at the date of the Joint Administrators' appointment, HSBC's indebtedness totalled approximately £10.4 million and £4.2 million respectively. HSBC also provides the Group with a mortgage facility that totalled approximately £0.2 million. HSBC benefits from a general debenture over the Group's assets and, as such, any shortfall from debtor realisations will be met from any floating charge surplus after expenses of the administration, the prescribed part, and preferential creditors (should there be any).

HSBC and HSBC IF were kept apprised of progress throughout the Early Options process and was informed of all offers received. HSBC consented to the Transaction by way of providing a deed of release of its security applicable over the assets sold to the Purchaser, on 19 March 2024.

## The transaction

Eversheds Sutherland LLP (“Eversheds”) was instructed to prepare legal documentation to assist with the delivery of the proposed transaction, subject to a formal recommendation being received from SW and consultation with HSBC. As part of our Early Options engagement, Interpath advised the Directors that in the circumstances they should seek regular independent legal advice.

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The offer was deemed to be in the best interest of creditors and was formalised and documented in the form of a Sale and Purchase Agreement ('SPA'). The Directors took steps to appoint the Joint Administrators, so that they could immediately transfer and execute the sale of the Company's assets to the Purchaser, via a pre-packaged transaction.

Richard Harrison and Howard Smith were appointed as Joint Administrators of the Company at 2.36pm on 19 March 2024 and the pre-packaged transaction to the Purchaser completed shortly after the Joint Administrators appointment on 19 March 2024.

As part of the sale agreement, the name of the Company will be changed to CPEL Realisations Limited and the relevant documents will be filed shortly.

The assets of the Company have not been acquired via another insolvency process in the previous 24 months.

A licence to occupy the Company's leasehold premises has been granted to the Purchaser for a maximum of six months. A TSA in respect of the Company's IT systems has also been granted to the Purchaser for a maximum of three months.

Purchaser and related parties

The Purchaser, Amcomri 18 Limited (as detailed above) is not considered a connected party to the Company.

Item	Information
Registration number	15522664
Registered office	46/48 Beak Street, London, United Kingdom, W1F 9RJ
Date of incorporation	26/02/2024
Ultimate shareholder	Paul Patrick Mc Cowan
Statutory directors	Mark Patrick O'Neil, Hugh Mark Whitcomb

Assets

The assets included in the Transaction are as follows:

- Stock;
- Plant and Machinery;
- Goodwill;

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- Debts;
- Business Records;
- Contracts;
- HIF Debts;
- Intellectual Property;
- IT Systems;
- Motor Vehicles;
- Properties; and
- Sales Information.

As part of the sale, 43 employees also transferred to the Purchaser on completion (subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE')).

Certain assets were specifically excluded from the sale to the Purchaser, including cash at bank.

A licence to occupy agreement was granted to the Purchaser for the Company's leasehold premises. A TSA in respect of the Company's IT systems has also been granted to the Purchaser.

## Sale consideration

The offer from the Purchaser was for the following assets:

Assets	£
Stock	200,000
Plant and Machinery	194,744
Goodwill	149,999
Debts	5,249
Business Records	1
Contracts	1
HIF Debts	1
Intellectual Property	1
IT Systems	1
Motor Vehicles	1

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Properties	1
Sales Information	1
<b>Total</b>	<b>550,000</b>

The sale consideration of £550,000 was paid in full on completion. There are no options, buy - back agreements or other conditions attached to this transaction.

No security was required to be taken by the Joint Administrators regarding the Transaction, as funds were paid by way of a solicitors undertaking to the Joint Administrators' lawyers on completion.

We are not aware of any funding being offered or provided by HSBC or HSBC IF to the Purchaser.

This transaction formed part of a wider transaction, with other entities within the Pexion group acquired as part of a pre-pack sale to unconnected parties.

## Conclusion

The Joint Administrators have placed the Company into administration with the objective of 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) (in line with Paragraph 3(1)(b) of Schedule B1 of the Insolvency Act 1986).

The Joint Administrators are satisfied that this pre-packaged sale has enabled them to achieve this purpose, with their considerations summarised as follows:

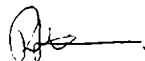
- The business and assets were extensively marketed to trade parties, turnaround investors and former owners of the business with a sale to an unconnected party delivered through that process.
- The Transaction has enabled us to preserve employment for 43 employees, through the Transfer of Undertakings (Protection of Employment) Regulations 2006, which has also reduced the value of both preferential and unsecured creditor claims against the Company.
- Alternative courses of action (such as trading / wind-down administration) would have likely led to a significant deterioration in asset realisations, coupled with significantly increased costs of realisations due to the high holding costs that would have been incurred whilst winding down the business.
- Consideration was paid in full on completion, mitigating any risk of non-payment if the offer had been structured differently (for example, if it had an element of deferred consideration).
- Acceptance of the offer from the Purchaser was recommended by independent specialist agents (SW) and in consultation with the major creditors, HSBC and HSBC IF.

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The Joint Administrators have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the sale price achieved was the best reasonably obtainable in all the circumstances.



**Richard Harrison, Joint Administrator**

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

Richard Harrison and Howard Smith are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal Data will be kept secure and processed only for matters relating to the appointment. For further information, please see out privacy policy at – [www.interpathadvisory.com/privacy-insolvency](http://www.interpathadvisory.com/privacy-insolvency).

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## Appendix 8      Glossary

<b>AGE</b>	Alan Gordon Engineering Co Limited - in Administration
<b>CLE</b>	CLEL Realisations Limited (formerly Clitheroe Light Engineering Limited) - in administration
<b>Company</b>	CPEL Realisations Limited (formerly Claro Precision Engineering Limited) – in administration
<b>CPE</b>	CPEL Realisations Limited (formerly Claro Precision Engineering Limited) – in administration
<b>Directors</b>	Darren Turner and David Brindle
<b>DEL</b>	DE Realisations 2024 Limited (formerly Drurys Engineering Limited) – in administration
<b>ETS</b>	Elite Tooling Solutions Limited - in Administration
<b>Eversheds/Solicitors</b>	Eversheds Sutherland (International) LLP
<b>Group</b>	The Company together with the companies outlined in Section 2.
<b>Hill Dickinson</b>	Hill Dickinson LLP
<b>HMRC</b>	His Majesty Revenue and Customs
<b>HSBC</b>	HSBC UK Bank Plc

<b>HSBC IF</b>	HSBC Invoice Finance (UK) Limited
<b>HTTS</b>	HT Tooling Solutions Limited - in Administration
<b>Interpath/Interpath Advisory</b>	Interpath Ltd
<b>Joint Administrators/we/our/us</b>	Richard Harrison and Howard Smith
<b>KPMG</b>	KPMG LLP
<b>Property</b>	Unit 4 and 5 Manse Lane Industrial Estate, Manse Lane, Knaresborough, HG5 8LF
<b>Nitronica</b>	Nitronica Limited – in Administration
<b>NOI</b>	Notice of intention to appointment administrators
<b>PAYE</b>	Pay As You Earn
<b>Period</b>	19 March 2024 to 22 March 2024
<b>Pexion</b>	Pexion Limited – in Administration
<b>PEP</b>	Precision Engineering Pieces Limited - in administration
<b>Phasa</b>	Phasa Limited – in Administration
<b>PPL</b>	Paragon Precision Limited - in Administration

<b>Purchaser</b>	Amcomri 18 Limited
<b>OEL</b>	Oxton Engineering Company Limited – in Administration
<b>REL</b>	Rictor Engineering Limited – in Administration
<b>Simtek</b>	Simtek EMS Limited – in Administration
<b>SKN</b>	SKN Electronics Limited – in Administration
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>VAT</b>	Value Added Tax
<b>Sandersons</b>	Sanderson Weatherall LLP
<b>SDD</b>	SDD Holdings Limited
<b>Secured creditors</b>	HSBC, HSBC IF & SDD

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

## Appendix 9                      Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Rick Harrison and Howard Smith, the Joint Administrators of CPEL Realisations Limited (formerly known as Claro Precision Engineering Ltd) – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Richard John Harrison and Howard Smith are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders may be Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – [www.interpathadvisory.com/privacy-insolvency](http://www.interpathadvisory.com/privacy-insolvency).

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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