

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 0 2 5 3 2 8 5 4

Company name in full Shipham Valves Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Patrick

Surname Lannagan

3 Administrator's address

Building name/number One St Peters Square

Street

Post town Manchester

County/Region

Postcode M 2 3 D E

Country

4 Administrator's name ①

Full forename(s) Conrad Alexander

Surname Pearson

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number One St Peters Square

Street

Post town Manchester

County/Region

Postcode M 2 3 D E

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals



I attach a copy of the statement of proposals

7

Qualifying report and administrator's statement ^①



I attach a copy of the qualifying report



I attach a statement of disposal

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

8

Sign and date

Administrator's
Signature

Signature

X



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Signature date

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AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name **Angela Ramzan**

Company name **Mazars LLP**

Address **One St Peters Square**

Post town **Manchester**

County/Region

Postcode **M 2 3 D E**

Country

DX

Telephone **+44 (0)161 238 9200**



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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.



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DX 33050 Cardiff.



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Shipham Valves Limited - In Administration
(‘the Company’)

Administrators’ Statement of Proposals Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 (‘the Proposals’)

11 January 2024

This report has been prepared for the sole purpose of updating creditors pursuant to the Insolvency Act 1986. The report should not be referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

References within this document to the Current Period refers to the period 14 December 2023 to 11 January 2024 (‘the Current Period’).

The Administrators act as agents of the Company without personal liability.

Patrick Lannagan and Conrad Pearson (‘the Administrators’, ‘the Joint Administrators’)
Mazars LLP
One St Peter’s Square
Manchester
M2 3DE

In accordance with rule 3.35(e) of the Insolvency (England and Wales) Rules 2016, the proposals are deemed delivered to creditors on 11 January 2024.

Shipham Valves Limited - In Administration

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Statement to Creditors

1 Introduction

- 1.1 This statement is addressed to the creditors of the Company and includes the Joint Administrators' Proposals in accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986.
- 1.2 The statutory purpose of an Administration comprises three hierarchical objectives:
- a. rescuing the company as a going concern
 - b. achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration)
 - c. realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.3 The objective being sought in this Administration is objective b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). Following a period of marketing of the Company for sale of circa 6 months prior to the Administration, no offers were forthcoming that were acceptable to the shareholders. As such, the Administrators have concluded there is no realistic prospect of rescuing the company in its existing form as a going concern as required under objective a).
- 1.4 The Administrators are pursuing objective b) and are trading the business in Administration to complete the work in progress while the possibility of selling the business and assets of the Company as a going concern is explored. A sale of the business has the potential to maximise the outcome for creditors through achieving value for the goodwill as well as saving jobs (and mitigating employee claims) and enhancing other asset realisations such as debtor recoveries due to the continuity of supply and service to customers in the longer term that would be provided by a purchaser.

2 Statutory Information

- 2.1 Patrick Lannagan and Conrad Pearson, both of Mazars LLP, were appointed as Joint Administrators of the Company on 14 December 2023. Mr Lannagan is authorised to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales and Mr Pearson is authorised in the UK by the Insolvency Practitioners Association.
- 2.2 Identification details regarding the Company and the Administrators is attached at Appendix A.
- 2.3 The EU Regulation on Insolvency Proceedings (Regulation (EU) No 2015/848 of 20 May 2015) applies to this Administration and the proceedings are centre of main interests ("COMI") proceedings as the Company's COMI is in the United Kingdom.
- 2.4 All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone.

2.5 Details of the Company's directors and secretary in the previous three years are as follows:

Director	Date appointed	Date resigned	Shares held
Lior Isaac Amram	01/10/2020	-	-
Robert Stewart Moulds	02/07/2018	-	-
Secretary	Date appointed	Date resigned	Shares held
Mario Zinno	15/06/2018	31/08/2022	-

2.6 The Company is a wholly owned subsidiary of Shiphams Holdings Limited ('Holdings'), an intermediate parent company, which is in turn owned by investment companies based in the United States of America. The ultimate beneficial owner is The Wolfe 2019 Nevada Insurance Trust.

3 Circumstances giving rise to the Administrators' Appointment

3.1 Company History

- 3.1.1 The Company has a heritage spanning over 225 years, with origins in the shipping industry dating back to 1798. The business started life as a brass foundry supplying products such as brass valves, bells, gauges and whistles to the local fishing and commercial shipping fleet based around the river Humber.
- 3.1.2 The business continued to evolve and during the 1930's the British Ministry of Defence invited the business to manufacture high-quality gunmetal and bronze valves for use in naval vessels.
- 3.1.3 The current legal entity was incorporated in 1990. The Company worked within a variety of industries, predominantly global onshore and offshore oil and gas, petrochemical, power generation, marine, naval marine, fire protection and pipeline applications.
- 3.1.4 In October 2020, the Company was acquired by Evergreen Financial LLC ("Evergreen") a US based company. At the time there was a group restructuring and the Company became a wholly owned subsidiary of Shiphams Holdings Limited ("Holdings"). Companies connected to Evergreen are the shareholders of Holdings.
- 3.1.5 Evergreen hold fixed and floating charge security over the Company which was created on 12 July 2020 and registered at Companies House on 19 July 2020. Holdings also hold fixed and floating charge security over the Company, created on 31 August 2022 and registered at Companies House on 7 September 2022.
- 3.1.6 Evergreen have injected cash into the Company since the acquisition, both in the form of loans from Holdings and introducing cash directly into the Company to fund trading losses, capital expenditure and working capital. At November 2023, the Company owed c.£6.97m to Evergreen and c.£12.66m to Holdings.
- 3.1.7 In March 2018, the Company moved to its current leasehold premises situated at Humber Enterprise Park in Brough. In November 2023, the Company employed 74 members of staff.

- 3.1.8 The Company has a strong customer base both in the UK and abroad. Key areas of business are the Middle East, Southeast Asia, North America, South America, Africa, Australasia and Europe.
- 3.1.9 The Company has one main competitor based in the UK, with a similar product offering. In recent years competition increased significantly from lower production cost countries, primarily China, Korea and India.
- 3.1.10 The COVID pandemic had a significant impact on the business. In the 12 months to end December 2019, the Company turnover totalled £13m, with a gross profit of £3.2m. In the 12 months to end December 2020, turnover was £8.3m with a gross profit of £621k. Turnover reduced again in the year ended December 2021, to just £5.3m, although the filed accounts record an increase in gross profit to £1.16m. Many of the countries key to the Company's trade were last to open fully after the pandemic, with projects cancelled or delayed as a result.
- 3.1.11 The war in Russia and Ukraine also had an impact on the business, with material prices increasing significantly. The foundries increased prices as a result but the Company struggled to pass these increases on to the customers. Many contracts were large and long term, so contractual terms had been agreed prior to the cost increases being expected.
- 3.1.12 In May 2023 Evergreen concluded that they were uncertain if they were willing to continue to provide any support required to the Company in the longer term. Mazars LLP Corporate Finance team ('Mazars CF') were engaged to market the shares of the Company.

3.2 Initial advice and meetings

- 3.2.1 Patrick Lannagan was first introduced to the Company on 1 November 2023 by Mazars CF. As noted above, Mazars CF had been working under an engagement with Holdings since June 2023, marketing the acquisition opportunity with a view to securing a sale of the Company's shares.
- 3.2.2 By the date Patrick Lannagan was introduced, the marketing undertaken had not resulted in an acceptable offer for the shares and the Company had a future funding requirement that Evergreen did not have an appetite to meet.
- 3.2.3 Further discussions with the Directors followed in which the options available to the Company were explored. Options available to the Company that were considered and discounted include:

Moratorium

A moratorium can only be proposed where it is likely that the Company can be rescued as a going concern, usually within a short period of time. This was not considered to be feasible as management did not consider that the business was viable without a restructure of its operations, the cost and success of which were uncertain.

Company Voluntary Arrangement (CVA)

Based on the Company's financial records trading prospects, it appeared that the Company was not in a position to propose a CVA that was likely to be approved by creditors. This was principally due to the reasons outlined above in respect of a potential Moratorium.

Liquidation

From a review of the Company's financial position, it was considered that better realisations could be achieved for creditors in an Administration for the reasons set out below.

Administration

The Board concluded that Administration appeared to be the most appropriate insolvency route for the Company on the grounds that an Administration, and in particular the potential for a sale of business and assets as a going concern, was considered likely to provide the best outcome for creditors as it could maximise any potential value in relation to goodwill, save jobs (and avoid incurring related employee claims) and also enhance other asset realisations such as debtor recoveries due to the continuity that will be provided by any purchaser. It would also provide the Company with the protection of a moratorium on creditor action allowing the potential for the continuation of trade and / or completion of work in progress (if appropriate) whilst options are explored including a sale of the business in whole or in part.

3.3 Pre-appointment Marketing Process

- 3.3.1 On 17 November 2023, Mazars LLP Restructuring Services ('Mazars RS') was formally engaged to undertake an accelerated marketing exercise ('AMA') in relation to the business, to assist in negotiations with potential purchasers, to assist with stakeholder engagement and also to assist with the formalities of placing the Company into Administration in the event that a solvent sale could not be achieved.
- 3.3.2 Sanderson Weatherall LLP ('SW') were engaged to inventory and value the Company's assets in order to assist with the marketing and sale process (further information regarding their costs incurred in respect of this work is provided at section 16).
- 3.3.3 The AMA process commenced on 17 November 2023. Mazars RS contacted 31 parties who had previously signed an NDA with the M&A team during the earlier process conducted by Mazars CF. This contact resulted in 11 parties being granted access to the data room. An anonymised flyer was sent to a further 79 parties and resulted in four NDA's being requested. Of these, one signed NDA was returned. An advert was posted on the Deal Opportunities website on 16 November 2023, along with anonymised details also being published on the Mazars and SW websites and promoted on Linked In. These promotional activities resulted in 24 further NDA's being issued, with 18 being signed and returned. All parties who signed an NDA were granted access to the data room.
- 3.3.4 A deadline of noon on 4 December 2023 was set for offers. Two offers were received by the deadline. An additional offer was received from another party on 7 December 2023. Mazars RS discussed the offers with the relevant parties and one party submitted an increased offer.
- 3.3.5 The offers received were discussed with the secured creditors, Evergreen and Holdings. All offers were lower than the break-up value of the business or contained contingent elements that were not acceptable. It was therefore concluded by the directors of the Company that the Company should enter Administration, given the absence of a workable solvent solution..
- 3.3.6 Clarion Solicitors Ltd ('Clarion') were engaged to assist with process of placing the Company into Administration (further information regarding their costs incurred in respect of this work is provided at section 16). Accordingly, a Notice of Intention to appoint Administrators (NOI) was issued to the three secured creditors on 13 December 2023. All three secured creditors

consented to the appointment and notice of the appointment of Administrators was filed at Court on 14 December 2023 at 15.35.

3.4 Prior Professional Relationship

3.4.1 The Insolvency Code of Ethics ('the Code') obliges Insolvency Practitioners to meet the ethical requirements of the Code in all professional work. The first step in identifying threats to compliance with the Code is to understand the nature of the prior professional relationship between Mazars and the Company. There is a prior professional relationship as Mazars CF was engaged by Holdings in June 2023 and Mazars RS were engaged by the Company on 17 November 2023.

3.4.2 Prior to June 2023, there was no relationship between Mazars, the Company and any member of the wider group. The Mazars CF engagement to explore options for a sale of the business, assets or shares has been ongoing for circa six months prior to the Administration and it could be perceived that this may give rise to a self-review threat should the advice provided by Mazars CF be called into question, or an advocacy threat in respect of that advice. No matters have come to light that would suggest that these are actual threats or are likely to become so.

3.4.3 In terms of revenue generated from the Mazars CF engagement, a fee of £76,500 plus VAT was charged and paid in July 2023. This is not material in the context of Mazars annual income.

3.4.4 In view of the previous engagement of Mazars CF by Holdings and of Mazars RS by the Company, both in relation to marketing the business for sale, the Administrators have fully considered the relevant guides to professional conduct and ethics issued by their regulatory bodies, and they are satisfied that the extent of this prior professional relationship does not create any material conflict of interest or threat to their independence. This will be kept under review throughout the Administration.

4 Subsequent Events

4.1 The Company trades from leasehold premises situated at Humber Enterprise Park, D Shed, West Building 72-74, Skua Road, Brough HU15 1EQ ("the Premises"). Following the appointment of the Administrators on 14 December 2023, members of the Administrators' team attended the Premises on the same date to ensure that the site and assets were secure and arranged open cover with their insurers, Marsh Ltd ('Marsh').

4.2 The Administrators' team met with the directors and employees to advise them of the appointment and to explain the effect of that appointment. The Administrators made 39 members of staff redundant with immediate effect as their roles were not required to meet the needs of trading in the Administration. The accrued wages of these staff members to 14 December 2023 have been paid alongside their accrued holiday pay from funds held in the Company bank account upon appointment (see section 8.2 for further information). The affected individuals were provided with information regarding the process for making claims for redundancy and payments in lieu of notice, where applicable.

4.3 The Joint Administrators have been supported by Evolve IS Limited ('Evolve'), a firm of employment specialists, in respect of the redundancies. Evolve has also assisted in submitting the information required by the Redundancy Payments Service ('RPS') to process the

employees' claims and have been dealing with any employee queries directly. Evolve's costs for this assistance have been agreed on a fixed fee basis of £35 per employee claim, capped at a maximum fee of £2,490 plus VAT.

4.4 The remaining workforce of 31 employees have been retained by the Administrators to assist with the continued trading of the Company whilst a sale of the business and/or assets is explored and customer orders are completed. Further information regarding trading and the decision to trade is provided below.

4.5 Decision to Trade

4.5.1 When it became evident that a sale of the business outside of Administration could not be achieved, the Administrators-in-Waiting assessed the position regarding the work in progress and debtors of the Company.

4.5.2 A review of the debtor ledger was undertaken, with a number of contracts having been completed, or largely completed, but with goods remaining at the Company premises. There were also two particular contracts, of significant value, which required further work to be completed. Without this work, the outstanding sums would not be collectable.

4.5.3 The decision was made to continue to trade the business, to a limited extent, to enable WIP to be completed and to maximise debtor recoveries through the fulfilment of orders.

4.5.4 The retained employees have been assisting the Administrators with the completion of WIP and collection of the debtor ledger.

4.5.5 Upon review immediately following appointment, cash at bank totaled £357,972. These funds were sufficient to fund the initial trading costs without the need for an overdraft or indemnities to be agreed and were transferred to the Administration estate bank account on 19 December 2023 on the Administrators' instruction.

4.6 Marketing of the Business and Assets

4.6.1 The marketing of the business and assets for sale has been revisited and continued during the post-appointment trading period. Key customers have been contacted regarding the current position, preserving the customer base and goodwill of the business as far as possible which is expected to maximise the value achievable for a sale of the business and assets as a going concern.

4.6.2 Following appointment, the Administrators contacted the parties who had previously expressed an interest in the sale of the business inviting them to revisit the opportunity following the making of the Administration Order. Additionally, the previously anonymised adverts on the Mazars and SW websites and Deal Opportunities were updated to include the name of the Company with a view to renewing interest in the opportunity.

4.6.3 The renewed marketing campaign has so far generated interest from 22 new parties and a further five parties (already known to the process from the pre-appointment marketing campaign) have renewed their interest. Of these 27 parties, 22 have been granted access to the data room and the Administrators have held initial calls with 15 of them, which has thus far resulted in two parties confirming they have no further interest.

- 4.6.4 A deadline of noon on 16 January 2024 has been set for indicative offers to be received. The Administrators are unable to provide any further details in respect of the interest received at this stage as to do so could prejudice the ongoing marketing process and sale negotiations. Further details will be included in the next report to creditors.

5 Assets

5.1 Details of Assets Already Realised

- 5.1.1 In accordance with Statement of Insolvency Practice 13, the Administrators confirm that there have been no transactions with connected parties in the Current Period.

5.1.2 Cash at Bank

- 5.1.2.1 The Company held three accounts with Barclays Bank plc ("Barclays"): a GBP account, a Euro account and a US Dollar account. The accounts were frozen immediately upon appointment to all but receipts. The initial credit balance on the GBP account, totaling £357,972, was transferred to the Administration account on 19 December 2023. The Administrators are in the process of reconciling receipts into the account to allocate any post-appointment receipts, such as debtor recoveries, that may be included within the transfer. The accounts will remain open to enable any further debtor receipts to be collected.

5.2 Assets Remaining to be Realised

5.2.1 Intangible Assets

- 5.2.1.1 The Company's records detail fixed charge assets comprising R&D, leasehold improvements and other intangibles. It is expected that these assets will be subject to the fixed charge securities as outlined at section 7.

- 5.2.1.2 The Administrators are unable to provide any further details in respect of asset values at this stage as to do so could prejudice the ongoing marketing process and sale negotiations. Further details will be included in the next report to creditors.

5.2.2 Plant & Machinery

- 5.2.2.1 SW completed a valuation of the tangible assets of the business during the pre-appointment AMA process.

- 5.2.2.2 SW were instructed due to their experience and expertise in insolvency matters and details of the costs incurred for this work are provided at section 16. In the post-appointment period, SW have attended site again to carry out a review and inventory of the assets upon appointment and have provided assistance with regards to the financed plant and machinery; there are several machines at the site which are subject to finance with Simply Asset Finance and Close Brothers Asset Finance. The Administrators have provided undertakings to the finance companies for the continued use of the machines during the Administration trading period.

- 5.2.2.3 The sale of the plant and machinery will be dependent upon the outcome of the sale of business. If a sale of the business and assets as a whole, in situ, cannot be agreed, it may be necessary to sell the assets on a piecemeal basis. In these circumstances, SW will provide advice as to the best method of sale to maximise recoveries. A number of parties have already expressed an interest in acquiring the plant and machinery. These details have been passed

to SW who will revisit the interest as appropriate following the outcome of any sale of business negotiations.

- 5.2.2.4 The Administrators are unable to provide any further details in respect of asset values and / or interest at this stage as to do so could prejudice the ongoing marketing process and sale negotiations. Further details will be included within the next report to creditors.

5.2.3 Debtors

- 5.2.3.1 Company records indicate that, upon appointment, the debtor ledger totaled some £3.39m (adjusted for unallocated receipts in the immediate pre-appointment period). This sum included amounts for work invoiced but not yet completed, part completed, completed but not shipped as well as for work that had been fully completed and delivered. The Administrators are in the process of undertaking a thorough review of the debtor ledger to understand the status of each amount and are in discussions with any debtors regarding payment of outstanding monies to enable any goods held to be shipped. The Administrators are also in the process of reviewing and allocating any post-appointment receipts in respect of the ledger with the assistance of the retained staff. An update will be provided to creditors within the next report.

- 5.2.3.2 The Company had provided performance bonds totalling circa £500k to a number of customers via Barclays. These bonds were cash backed by the Company (meaning Barclays has no net exposure to the Company) and the Administrators will pursue the recovery of the cash provided to back the performance bonds as part of their approach to supporting customers via Administration trading in the short term and potentially in the longer term via a sale of the business and assets as a going concern.. An update will be provided to creditors within the next report.

5.2.4 Cash at Bank

- 5.2.4.1 The Administrators are aware of further balances held on the Euro (€2,382) and US Dollar (\$12,892) accounts. Arrangements are underway to have any balances held transferred into the Administration estate following which a reconciliation exercise will be required to apportion any post-appointment debtor receipts included within the sweeps of funds. An update will be provided to creditors within the next report.

5.2.5 Stocks & Work in Progress

- 5.2.5.1 The Administrators are continuing to liaise closely with the retained staff and customers regarding the completion of work in progress. There are two particular contracts which are the focus of the current work. Additionally, other smaller contracts will be completed where possible to maximise realisations for the benefit of creditors. Stocks of raw materials will either be realised as part of a sale of the Company's business and assets or by SW. Further details will be provided within the next report.

6 Investigations

- 6.1 The Joint Administrators are required to investigate the affairs of the Company and the conduct of the directors in the period leading up to the Administration. Given the early stage of the Administration, an initial investigation into the Company's affairs has yet to be undertaken by the Administrators in accordance with Statement of Insolvency Practice 2 as information is

currently being gathered for this to be carried out. The purpose of these investigations is to establish whether there are any potential asset recoveries or conduct which requires further investigation which may lead to any recoveries for the benefit of creditors.

- 6.2 The Administrators' findings as a result of these initial investigations are reported to the Insolvency Service in accordance with the Company Directors' Disqualification Act 1986, and an appropriate report will be filed in due course.
- 6.3 Should creditors have any information which they consider may assist the Administrators in carrying out their investigations or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office. This request for information forms part of our usual investigation procedures and does not imply that there may be any cause of action lying against any person concerned in the Company's affairs.

7 Liabilities

7.1 Secured Creditors

- 7.1.1 There are three secured creditors in this matter as set out below. The Administrators are not aware of a deed of priority agreement between these lenders and, accordingly, the order of priority is assumed to be in order of creation and registration of these charges with Companies House.

7.1.2 *Barclays Bank plc ('Barclays')*

Barclays holds two fixed and floating charge debentures created on 24 November 2020 and 12 July 2021 and registered at Companies House on 30 November 2020 and 15 July 2021, respectively.

The Administrators understand that the security relates to a number of bonds held in respect of customer commitments. As noted in section 15.2.3.2, it is currently anticipated that there will be no monies due to Barclays in respect of its security. An update will be provided in a future report.

7.1.3 *Evergreen Financial LLC ('Evergreen')*

Evergreen holds a fixed and floating charge debenture created on 12 July 2022 and registered at Companies House on 19 July 2022.

The Administrators understand that the amount due to Evergreen under its security is c.£6.97m.

7.1.4 *Shipham Holdings Limited ('Holdings')*

Holdings has the benefit of a fixed and floating charge debenture created on 31 August 2022 and registered at Companies House on 7 September 2022.

The Administrators understand that the amount due to Holdings under its security is c.£12.66m.

- 7.1.5 The return to secured creditors is currently uncertain and an update will be provided in the next report.

7.2 Preferential Creditors

7.2.1 Preferential claims arise from arrears wages and accrued, unpaid holiday pay due to the employees of a company who do not receive their full entitlements on redundancy. Any claims in relation to deductions from wages, such as employee pension contributions may also rank as preferential claims.

7.2.2 Immediately prior to the Administration, the Company employed a work force of 70 people. On Administration, 39 employees were made redundant without notice as explained in section 4. The Company payroll was run in December 2023 by the Administrators for wages and holiday pay due to the redundant staff for the period up to the date of Administration, and wages due to retained staff for the full month of December. These wages and holiday pay amounts were paid from funds held in the Company bank account. These wages payments were necessary to retain goodwill in the workforce required for ongoing trading and to prevent walkout and as such were paid on a ransom basis.

7.2.3 The net pay element of the preferential claims arising from wages and holiday pay due to the redundant staff are in the region £72,500 and have now been paid in full from the funds held.

7.2.4 Additionally, the Company operates a pension scheme with Aviva to comply with its auto-enrolment duties. The Administrators understand that the pension contributions were up to date prior to the Administration. Therefore, only the pension contributions relating to the December payroll processed in the Administration are due. To the extent that these are employee contributions, these will rank as preferential. An update on this will be provided within the next report to creditors.

7.2.5 Assuming that realisations and expenses are as anticipated, it is expected that preferential creditors will be paid in full. An update will be provided in the next report.

7.3 Secondary Preferential Creditor – HM Revenue & Customs

7.3.1 Where a company enters into a formal insolvency procedure on or after 1 December 2020, HMRC have a preferential status as a creditor in respect of claims for outstanding VAT, PAYE, Employee NICs, student loan deductions and CIS scheme deductions. These claims have a secondary preferential status and sit behind the preferential claims of employees. HMRC claims in respect of Corporation Tax and Employers' NICs continue to rank as unsecured claims.

7.3.2 An initial claim has not yet been received and the Administrators remain in the process of evaluating HMRC's likely preferential claim in the Administration. An update on HMRC's position will be provided in the next report.

7.3.3 Assuming that realisations and expenses are as anticipated, it is expected that HMRC will be paid in full in respect of their secondary preferential claim. An update will be provided in the next report.

7.4 Unsecured Creditors

7.4.1 According to the Company records, the Company has 64 unsecured creditors with claims estimated to total some £5.4m. Claims received to date total £297,637 from seven creditors.

- 7.4.2 Assuming the realisations and expenses are as anticipated, it is not expected that there will be sufficient funds available to allow a distribution to unsecured creditors outside of the Prescribed Part (see section 8 below).

8 Prescribed Part

- 8.1 In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Where a relevant floating charge was created on or after 6 April 2020, this maximum fund increases to £800,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.
- 8.2 As the Company granted floating charges to Barclays, Evergreen and Holdings on the dates set out in section 7.1, the provisions of the Prescribed Part will apply in this matter. However, at this early stage, the Administrators are unable to estimate the value of the net property that may be available for the calculation of the Prescribed Part fund. This will be determined once all asset realisations have been concluded, including realisation of the receivables ledger, and creditor claims adjudicated. It is expected that any Prescribed Part distribution will be paid by the Joint Administrators in accordance with legislative changes introduced by the Small Business, Enterprise and Employment Act 2015.

9 Statement of Affairs

- 9.1 In accordance with paragraph 47 of Schedule B1 of the Insolvency Act 1986, the directors were requested to prepare a Statement of Affairs by 26 December 2023. The Director has advised that he will require the assistance of the Company's Financial Director to complete the Statement of Affairs and the Administrators have therefore agreed to extend the deadline for its return to 31 January 2023.
- 9.2 As a Statement of Affairs has not yet been provided, details are provided at Appendices B and C respectively of the Company's estimated financial position as at 14 December 2023, together with a list of trade and expense creditors.

10 Receipts & Payments Account

- 10.1 Appendix D provides a summary of the Administrators' receipts and payments (including a summary of the Administrators' trading account) for the Current Period, showing funds held of £95,348.99, of which £26,288.37 is ringfenced for payment of the PAYE/NIC and Pension contribution post-appointment apportionments in respect of the December payroll. Additionally, there is a balance of VAT receivable of £15,641.61. These funds are held at Lloyds Bank Plc in an interest-bearing account.

11 Estimated Outcome Statement ('EOS')

- 11.1 The Administrators are not seeking approval for the basis of their remuneration nor are they providing details of the estimated fees within these Proposals as they are unable to provide sufficient information at this early stage to allow creditors to consider whether the proposed basis and estimates are reasonable in the circumstances of the case. Consequently, no EOS is being provided within the context of this report and a full EOS will be provided within the Administrators' Fees Pack in due course.
- 11.2 It is estimated, as noted in section 7, that the preferential and secondary preferential creditors will be paid in full and that there will be a Prescribed Part fund available for distribution to the unsecured creditors.

12 Duration

- 12.1 The appointment of the Joint Administrators shall cease to have effect at the end of the period of one year beginning with the date of their appointment. However, pursuant to paragraph 76 of Schedule B1 of the Insolvency Act, 1986 this may be extended by either:
- an application to Court for a specified period, or
 - by consent of the creditors for a specified period not exceeding one year.
- 12.2 It is unclear at present if an extension of the Administration is likely to be sought in this case, but creditors will be advised of developments and updates will be provided in future reports.

13 Proposed Exit Route

- 13.1 Based on current projections, it is unlikely that there will be sufficient realisations to enable a dividend to unsecured creditors, other than by way of the Prescribed Part. As such, it is proposed that the Administrators exit the Administration via the dissolution route, by issuing their final report and filing a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986.
- 13.2 In the event that realisations exceed expectations, and a non-Prescribed Part unsecured dividend becomes available, the Administrators reserve the right to exit the Administration via a Creditors Voluntary Liquidation ("CVL") by filing a notice under Paragraph 83 of Schedule B1 of the Insolvency act 1986.
- 13.3 If a CVL is the most appropriate exit route then it is proposed that the Administrators, Patrick Alexander Lannagan and Conrad Alexander Pearson, (or if appropriate their successors) be appointed as Joint Liquidators. However, in accordance with paragraph 83(7) of Schedule B1 of The Insolvency Act 1986, and Rule 3.60 of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person to act as Liquidator provided that the nomination is made after the receipt of these proposals and before the deemed decision for their approval, which is 23 January 2024.

14 Approving the Proposals

14.1 A summary of the Joint Administrators' Proposals is provided below:

- That the Joint Administrators continue to trade the business and conclude the marketing exercise with a view to achieving a sale of the business and / or assets as appropriate.
- That the Joint Administrators continue to realise those assets yet to be realised, as outlined in section 5.
- That the Joint Administrators continue to investigate, and if appropriate, pursue any claims that an office holder and /or the Company may have under The Companies Act or Insolvency Act against any parties concerned with the affairs of the Company as disclosed in section 6.
- That, if so required, the Joint Administrators make a Prescribed Part distribution to the unsecured non-preferential creditors as appropriate as outlined in section 8.
- That the Joint Administrators conclude the Administration by filing a notice to dissolve the Company under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986. The Company will be dissolved 3 months thereafter.
- That, in the event that there are sufficient funds to pay a non-Prescribed Part unsecured dividend to creditors, the Joint Administrators will place the Company into Creditors' Voluntary Liquidation. Assuming no other nominations are received, the proposed Joint Liquidators are to be Patrick Alexander Lannagan and Conrad Alexander Pearson (or if appropriate their successors). In accordance with section 231 of the Insolvency Act 1986, the Joint Liquidators are to act jointly and severally.

14.2 In accordance with paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986, a decision of the creditors is not required in respect of the Proposals in this instance. This is because the Company has insufficient property to enable a distribution to be made to unsecured creditors, other than any funds that may be available to be distributed in accordance with the Prescribed Part.

14.3 Creditors whose debts amount to at least 10% of the total debts of the Company may requisition a decision in respect of the Proposals if they require such. The request must be made on the Decision Request Form provided on the Creditor Portal, within 8 business days of the date of delivery of these Proposals. If a decision is requisitioned, those creditors supporting the request will be required to provide security for costs arising from the requisitioned decision.

14.4 If a decision is requisitioned, the creditors will have the opportunity to form a Creditors' Committee. The purpose of such a committee would be to assist the Joint Administrators in the discharge of their duties and responsibilities. If a decision in respect of the approval of the Proposals is not requisitioned within the prescribed timescale, the Proposals will be deemed to have been approved on 23 January 2024.

15 Approving the Costs of the Administration

15.1 Where the company has insufficient property to enable a distribution to be made to unsecured creditors (other than, where appropriate, any funds that may be available to be distributed in accordance with the Prescribed Part) approval of the following is to be sought from the secured and preferential creditors of the Company:

- (i) Pre-Administration costs
- (ii) Basis of the Administrators' remuneration

15.2 While unsecured creditors are not required to approve such costs, they are required to be provided with details of the likely costs.

16 Pre-Administration Costs

16.1 Work has been undertaken prior to the appointment of Administrators as set out earlier in these Proposals. This work was carried out by Mazars, Clarion Solicitors Limited and Sanderson Weatherall LLP. The work undertaken and the costs incurred by these firms were authorised and approved by the Directors under the terms of the engagement letter signed on 17 November 2023.

16.2 These costs were incurred before the Company entered into Administration but with a view to it doing so, in order to further the achievement of the Administration objective through carrying out the following:

- Obtaining the support of stakeholders, including the secured creditor, to the Administration strategy to maximise realisations for the benefit of creditors;
- A marketing campaign aimed at identifying an acquirer of the business, its shares and / or assets;
- Meetings with the Company's Directors and management team to assess the viability of trading, the best method of implementation of the Administration strategy and to ensure an efficient transfer of control to the Administrators upon appointment;
- Protecting the assets of the Company and the viability of ongoing trade by filing of the Notice of Intention to appoint Administrators at Court;
- Planning and preparation for the Administration.

16.3 The combined pre-Administration costs incurred total £111,069.84 plus VAT as set out in the table below. The Administrators are not requesting approval of the pre-Administration costs at this stage and the following information is provided for information purposes only.

Firm	Time Costs (£)	Disbursements (£)	Total Incurred (£)
Mazars LLP	95,295.00	419.84	95,714.84
Clarion Solicitors Limited	12,111.00	-	12,111.00
Sanderson Weatherall LLP	3,150.00	94.00	3,244.00
Total	110,556.00	513.84	111,069.84

16.4 Description of Work Undertaken

Mazars

16.4.1 A detailed table of costs incurred and a description of the work undertaken in respect of these costs is attached at Appendix E. Details of relevant charge out rates can be found at Appendix G.

16.4.2 These costs have been incurred on time costs basis. The disbursements of £419.84 comprise:

- Mileage: £262.10 – the costs of travelling to and from site to meet with the Directors and management to discuss strategy and plan for the Administration;
- Subsistence: £19.74 – meal costs incurred by the Administrators' staff whilst travelling to, and on, site.
- Marketing Costs: £138.00 – the costs of placing an advert of the Deal Opportunities website to market the business and assets for sale.

16.4.3 No payments have been made to date in respect of Mazars' costs.

Clarion Solicitors Limited

16.4.4 Clarion were engaged to assist with the filing of the Notices of Intention to Appoint Administrators' (NOI's) and to assist with the preparation for the appointment of Administrators, including assistance with the drafting of the Notices of Appointment and board minutes.

16.4.5 Their costs were agreed on a time costs basis plus VAT and disbursements. No payments have been made to date in respect of Clarion's costs.

Sanderson Weatherall LLP

16.4.6 SW were engaged to provide an inventory and valuation of the Company's assets in various outcome scenarios to assist with the marketing process and help plan for the most appropriate strategy in Administration.

16.4.7 Their costs were agreed on a time costs basis plus VAT and disbursements. Disbursements of £94 have been incurred in respect of mileage associated with travel to and from the trading premises to carry out their work.

16.5 Approval of the pre-Administration costs is not part of the Proposals and agreement of these costs will be sought from the relevant creditors, in this case, the secured and preferential creditors in due course. If approval is received, the payment of these costs will be treated as an expense of the Administration.

17 **Basis of Administrators' Remuneration**

17.1 In accordance with Rule 18.16 of the Insolvency (England and Wales) Rules 2016, the basis of the Administrators' remuneration may be fixed:

- a. as a percentage of the value of the property with which the Administrators are required to deal; or
- b. by reference to the time properly given by the Administrators and their staff in attending to matters arising during the Administration; or
- c. as a set amount; or
- d. as a combination of any one or more of the above.

17.2 As noted earlier, the secured and preferential creditors are to approve the basis of the Administrators' remuneration. Having considered the nature of the work involved in concluding the matters as outlined above, the Administrators will request that their fees be approved on the basis of time properly spent in dealing with such matters. The Administrators will provide

details of their estimated fees and expenses in a Fees Information Pack for the creditors of the Company to consider in due course.

- 17.3 In the meantime, creditors can find additional information relating to an Administrator's fees in a copy of the publication "Administration: A Guide for Creditors on Insolvency Practitioner Fees" which is available to download from <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/> and is available on the Creditor Portal.

17.4 Costs Already Incurred

- 17.4.1 In the period since their appointment, the Administrators have already undertaken work on this case to trade the business, market the business for sale, liaise with interested parties, secured creditors, employees, customers, suppliers and ROT creditors as noted in Sections 4 and 5 in furtherance of the Administration objective and to adhere to various statutory deadlines.
- 17.4.2 Appendix Fi provides a summary of the Administrators' time costs to date, which is provided for information purposes only at this stage. To date, a total of 350.50 hours has been spent dealing with the administration of this case, at a total cost of £129,019 representing an average hourly rate of £368.13.
- 17.4.3 At Appendix Fii is a narrative summary of the work undertaken to date in the Administration, Creditors should note that this summary is restricted to work undertaken to date and details of future work expected to be carried out will be provided within the Administrators' Fees Information pack in due course.
- 17.4.4 The Rates and Expenses Policy of Mazars LLP is provided at Appendix G, again for information purposes only at this stage, and these may be subject to change as charge out rates are reviewed annually and may increase over the period of administration of the case. Details of any changes will be provided as part of the reporting throughout the Administration.

18 Expenses

- 18.1 Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office holder, and then reimbursed to the office holder from the estate.
- 18.2 Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).
- Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without prior approval.
 - Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

18.3 Details of the Category 2 expenses that are expected to be incurred during the Administration are provided in the Rate and Expenses Policy Appendix G, which is being provided for information purposes only at this stage. It will be the secured and preferential creditors who will be invited to approve the payment of Category 2 expenses and their approval will be sought at the same time as a decision on the Administrators' remuneration in due course.

18.4 Prior to seeking approval for the Administrators' remuneration and Category 2 expenses, it has been necessary to incur certain costs in order to support the furtherance of the Administration objective. Details of expenses already paid can be found in the Receipts and Payments account at Appendix B.

18.5 Expenses incurred but not yet paid are summarised in the table below:

Category	Amount (£)
Legal fees & disbursements - Clarion	2,738.50
Agent's fees & disbursements – SW	2,023.00
Administrators' Disbursements	550.04
Insurance Costs – Marsh Limited	TBC
Trading Costs	TBC

17.4.5 As noted throughout this report, the Administrators are trading the business whilst a purchaser is sought for the business and / or assets. Details of the trading costs incurred and paid to date are provided at Appendix Di. Other trading costs are being incurred in respect of rent, rates and utilities. The Administrators are in the process of confirming these costs and an update will be provided in a future report.

17.4.6 Additionally, the Administrators have open cover insurance in place with Marsh Limited. The specific cover requirements are in the process of being finalised and details of the premiums payable for the period will follow thereafter. An update will therefore be provided in a future report.

18.6 The Administrators have reviewed the expenses incurred to date and are satisfied that they are fair and reasonable and proportionate in the circumstances of the case.

18.7 A full estimate of the expenses which the Administrators anticipate will be incurred during the Administration will be provided to creditors in due course as part of the Fees Information Pack.

19 Future Reports

19.1 A progress report covering the first six months of the Administration will be circulated to creditors during July 2024. It is anticipated that the Administrators' Fees Information Pack will be circulated to creditors at an earlier date with an interim update on progress in the Administration.



Should you have any queries in relation to this matter, please do not hesitate to contact Angela Ramzan at this office.

Yours faithfully

For and on behalf of Shiphams Valves Limited

A handwritten signature in black ink, appearing to be "Patrick Lannagan".

Patrick Lannagan

Joint Administrator

Dated 11 January 2024

Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy. The affairs, business and property of the Company are being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability

SHIPHAM VALVES LIMITED - IN ADMINISTRATION

APPENDICES INDEX

Appendix

A	Identification Details
B	Summary of Financial Position
C	Schedule of Trade & Expense Creditors
D	Receipts and Payments Accounts
E	Pre-Administration Costs and Narrative Summary of Work Undertaken
F	Administrators Time Costs and Narrative Summary of Work Undertaken
G	Rates & Expenses Policies

Shipham Valves Limited In Administration

Identification Details

Details relating to the Company

Company name	Shipham Valves Limited
Previous names	Wartsila Valves Limited (to 3 October 2020)
Trading name	N/A
Company number	02532854
Registered office	c/o Mazars LLP, One St Peter's Square, Manchester, M2 3DE
Trading address	D Shed West Building, 72 To 74 Humber Enterprise Park, Skua Road, Brough, HU15 1EQ
Court	High Court of Justice, Business and Property Courts in Leeds
Court reference	1104 of 2023

Details relating to the Joint Administrators

Date of appointment	14 December 2023
Joint Administrators	P Lannagan and C A Pearson of [Address] IP No(s) 009590 and 014732
Joint Administrators' functions	All acts required to be done by the joint administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	One St Peters Square, Manchester, M2 3DE
Appointed by	the Directors
Joint Administrator's contact telephone number	+44 (0)161 238 9200

SHIPHAM VALVES LIMITED - IN ADMINISTRATION

ESTIMATED FINANCIAL POSITION

	£	£
Assets		
Bank	287	
Accounts Receivable	3,042	
Inventory	4,663	
WIP	1,126	
Vendor prepayments	145	
Accrued Accounts Receivable	427	
Prepayments	149	
VAT	53	
Other Intangible Assets - NBV	337	
Intangible Assets in Progress	134	
Freehold Property - NBV	175	
Improvements to Buildings and Structures - NBV	607	
Machinery and Equipment - NBV	2,928	
Tangible Assets in Progress	507	
Cumulative Rounding	2	
		<u>14,582</u>
Liabilities		
Accounts Payable	2,845	
Advance Payment Received from Customer	322	
Accrued Purchases/GRNI	295	
Accrued Expenses - Other	825	
Accrued Expenses - Royalties	695	
HP Liability	358	
Loans Payable (Inter-Group)	11,783	
Loans Payable (Third Party)	6,613	
Accrued Expenses - Interest (Inter-Group)	1,126	
Accrued expenses - Interest (Third Party)	798	
		<u>25,660</u>
Net Liabilities		<u><u>(11,078)</u></u>

SHIPAM VALVES LIMITED - IN ADMINISTRATION

SCHEDULE OF TRADE AND EXPENSE CREDITORS

Creditor	Address				Amount Owed (£)
A.M.B Ltd	1 Hawke Street	Sheffield	South Yorkshire	S9 2SU	£ 7,899.60
Ajax Minerva	Elderthorpe Street	Bradford	West Yorkshire	BD3 9JX	£ 96,949.00
Alba As	Lilleakervn 23	Oslo	282	Norway	£ 4,659.66
Arval BNP Paribas Group	Arval Centre	Windmill Hill	Swindon	SN5 6PE	TBC
Beck Prosper Limited	Building 19 First Avenue	Kingswinford	West Midlands	DY6 7FA	£ 51,048.25
Blantyre Castings Ltd	Block 9A, Unit B	South Avenue	Blantyre	G72 0UJ	£ 545.00
Bolt & Nut Manufacturing Limited	Unit 19 Cannon Business Park	Coseley	West Midlands	WV14 8XR	£ 73,310.90
Complete Machining Services Ltd	Unit 1B Fretwells Business Park	Hull	East Yorkshire	HU7 0YN	£ 13,820.52
Cromwell Group (Holdings) Ltd	65 Chartwell Drive	Wigston	Leicestershire	LE18 2GG	£ 4,307.38
Crowther Engineering Limited	52 Hutton Close	Washington	Tyne and Wear	NE38 0AH	£ 20,071.00
Cintra HR & Payroll Global	Maling Exchange, Hoult's Yard	Walker Road	Newcastle upon Tyne	NE6 2HL	TBC
Catalyst IT	Box Tree House	Northminster	Upper Poppleton	YO26 6QR	TBC
Crate Solutions Limited	31 Wales Way	Mitcham	Surrey	CR4 4HR	TBC
Close Brothers Premium Finance	Wimbledon Bridge House	1 Hartfield Road	London	SW19 3RU	TBC
CSquared	26 Queen Square	Bristol	BS1 4ND		TBC
Dappat Engineering Ltd	Hodgson Street	Hull	East Yorkshire	HU8 7JB	£ 518.00
Delfoi Oy	Linnoitustie 11	11FI-02600	Espoo	Finland	£ 22,022.07
DSM Geodata Ltd	5 Atholl Crescent	Edinburgh	EH3 8EJ		£ 233,910.00
Eacon Engineers	Stoneferry	Hull	East Yorkshire	HU8 8BZ	£ 10,986.60
Energy Bolting Limited	5 Unit Modular Court	Wolverhampton	West Midlands	WV10 7DF	£ 112,553.41
Essentra Components	Shaftsbury Avenue	Jarrow	Tyne and Wear	NE32 3UP	£ 3,548.94
Expert Precision Engineering Ltd	7A Benton Business Park	Longbenton	NE12 9SW		£ 1,059.90
Exporter Services Limited	1st Floor TecQuipment Building	Long Eaton	Nottingham	NG10 2AN	TBC
FR Scott Limited	Canning Street	Hull	East Yorkshire	HU2 8QS	£ 487.81
Furniss & White (Foundries) Ltd	Unit 17 North Anston Trading Estate	Sheffield	South Yorkshire	S25 4JL	£ 323,001.46
GB Coatings (NE) Ltd	C/O Skipton Business Finance	Skipton	North Yorkshire	BD23 1DN	£ 94,535.56
General Patterns Ltd	Unit 3 Robshaw's Yard	Castleford	West Yorkshire	WF10 4AL	£ 67,308.00
GGB Heilbronn GmbH	Oschenbrunnenstr. 9	Heilbronn	74078	Germany	£ 3,963.59
Good Travel Management	Ground Floor, Hesslewood Country Office	Ferryby Rd	Westcott House, Hessle	HU13 0LH	TBC
Global Data UK	John Carpenter House	John Carpenter Street	London	EC4Y 0AN	TBC
Hanson Springs Ltd	Halfpenny Bridge Works	Rochdale	Lancashire	OL11 1NP	£ 6,229.06
Holme Dodsworth Metals Ltd	59 / 69 Heaton Park Road	Gateshead	Tyne and Wear	NE6 1SQ	£ 337,126.55
Hull Chamber Of Commerce	Business Development Centre	Hull	East Yorkshire	HU3 1YE	£ 420.00
HM Revenue & Customs	Debt Management	EIS - C	BX9 1SH		TBC
Impregnation Services	Unit 1 Cowhill Industrial Estate	Ashton Under Lyne	Greater Manchester	OL6 6HH	£ 525.00
Inoxyda	4-8 Rue Etienne Dolet	Le Petit	Quevilly Cedex	76142, France	£ 363,418.03
James Walker UK Ltd	Gawsworth House	Crews	Cheshire	CW1 6XB	£ 12,345.55
Kingston Cleaning Services	120 Londresborough Street	Hull		HU3 1DR	TBC
KYOCERA UNIMERCO Tooling Ltd	Nanscawen Road	Fradley	Staffordshire	WS13 8LH	TBC
Meighs & Westleys Ltd	Holditch Road	ST5 9JC			£ 1,394,385.40
Monarch Gaskets & Seals Ltd	Unit 10 Eagle Point	Telford Way	Wakefield 41 Industrial Estate	WF2 0XW	£ 39,328.88
Moontown Ltd	Unit 16D Unity Road	Kirkby-In-Ashfield	Nottingham	NG17 7LE	£ 12,376.82
Mercedes- Benz Financial Services	Delware Drive	Tongwell	Milton Keynes	MK15 8BA	TBC
NeoNickel Ltd.	1 Java Park Bradbourne Drive	Tilbrook	Milton Keynes	MK7 8AT	£ 97,945.58
Newlove Engravers & Signs Ltd	5 Hood Street	Hull	East Yorkshire	HU8 7AL	£ 5,140.93
Norton Cast Products Ltd	Capital Steel Works	Tinsley Park Road		S9 5DL	£ 41,146.02
PEAC Solutions	Inspired, Easthampstead Road	Bracknell		RG12 1YQ	TBC
Redundancy Payments Office	PQ Box 16685		Birmingham	B2 2LX	TBC
Rexrob Engineering Ltd	Building 109	Brough	East Yorkshire	HU15 1EQ	£ 8,089.20

Righton Blackburns Ltd	Manchester Service Centre	Warrington	Lancashire	WA3 3JD	£	61,482.99
Rubitec Engineering Ltd	West Dock Street	Hull	East Yorkshire	HU3 4NG	£	57,128.68
Spunalloys Limited	Doultun Road	Cradley Heath	West Midlands	B64 5QS	£	187,640.59
Sumangal Castings Pvt. Ltd	Survey No. 154	S.I.D.C Road	Gujarat	360002, India	£	6,951.11
Simply Finance Limited	5th Floor, Harling House,	47 - 51 Great Suffolk Street Southwa	London	SE10BS		TBC
Siemens Financial Services Limited	Sefton Park, Bells Hill	Stoke Poges	Buckinghamshire	SL2 4JS		TBC
T.H.Dick & Co Ltd	Groves Foundry	Hull	East Yorkshire	HU8 7BD	£	11,929.10
The Active Spring Co Ltd	Sibleys Green	Thaxted	Essex	CM6 2NU	£	2,548.28
V.K. Valves Private Limited	C.106	Jalandhar	Punjab	144004	£	904,311.99
Valve-Kits Group Limited	149-155 Canal Street	Nottingham	Nottinghamshire	NG1 7HR	£	469,853.92
Valve-Kits Group Ltd	Windsor Court, Off Fletchers Way	Crown Farm Ind Estate	Forest Town	Notts. NG19 0FN		TBC
Ward Hi-Tech Limited	1 Atlas Way	Sheffield	South Yorkshire	S4 7QQ	£	41,556.00
Wincanton Plc	Unit 1 Buckland Road	Yeovil	Somerset	BA21 5EA	£	3,074.48
Westcore Humber 1 Ltd	Aisseia	46 High Street	Esher	Surrey, KT10 9QY		TBC

SHIPHAM VALVES LIMITED - IN ADMINISTRATION
JOINT ADMINISTRATORS' TRADING ACCOUNT
FOR THE PERIOD 14 DECEMBER 2023 TO 11 JANUARY 2024

	£	£
TRADING INCOME	-	-
DIRECT COSTS		
Wages & Salaries	(168,772.85)	
PAYE, NIC & Pension	(26,288.37)	
Production Consumables	(49.45)	
		(195,110.67)
TRADING EXPENDITURE		
Broadband, Telecomms & IT Services	(12,267.14)	
Professional Fees	(2,500.51)	
Payroll Agents Fees	(705.20)	
Duress Payments	(62,500.01)	
		(77,972.86)
		(273,083.53)

SHIPHAM VALVES LIMITED - IN ADMINISTRATION
JOINT ADMINISTRATORS' SUMMARY OF RECEIPTS AND PAYMENTS
FOR THE PERIOD 14 DECEMBER 2023 TO 11 JANUARY 2024

	£	£
ASSET REALISATIONS		
Cash at Bank	357,971.54	<u>357,971.54</u>
COSTS OF REALISATION		
Administrators' Trading Account	(273,083.53)	
Statutory Advertising	(109.08)	
Marketing Costs	(76.70)	<u>(273,269.31)</u>
		<u>84,702.23</u>
REPRESENTED BY		
Current Account		95,348.99
VAT Receivable		15,641.61
PAYE & NIC Control Account		(20,548.47)
Pension Control Account		<u>(5,739.90)</u>
		<u>84,702.23</u>

SHIPHAM VALVES LIMITED - IN ADMINISTRATION

PRE-ADMINISTRATION COSTS AND NARRATIVE SUMMARY OF WORK UNDERTAKEN

The following table provides details of the costs incurred by Mazars prior to the Administrators' appointment. These costs were incurred prior to the Company entering into Administration but with a view to it doing so, in order to further the achievement of the Administration objective and in accordance with the engagement letter signed by the Director on behalf of the Board on 17 November 2023.

Description of Work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
Initial Meetings & Advice Initial meetings with Directors; Initial team strategy meetings; Prepare and update cash flows; ongoing review of financial position and strategy with Directors; Engaging solicitors & agents to assist with the pre-Administration process; Planning for formal appointment.	132.10	61,126.00	462.73
Documentation Review & Reporting to Key Creditors Review of the Company's records regarding creditors, critical payments and cash flows; Liaising with secured creditor regarding the sale strategy and proposed Administration; Liaising with the secured creditor regarding funding during the marketing and negotiations; Review of lease, hire purchase and finance documents; Preparing estimated outcome statements.	16.00	6,540.00	408.75
Marketing of Business and Assets Information gathering and drafting information memorandum; Preparing interested parties database; Preparing and posting online advert for acquisition opportunity; Working with agents to market the acquisition opportunity which included: preparing the information required; for the data room, reviewing the marketing literature and monitoring the progress of interested parties; Discussions with interested parties and provision of additional information as required; Review of sale strategy with the Directors and agents; Reviewing offer received for the business & assets; Liaising with agents regarding the valuations of the business and assets; Reporting to secured creditor on marketing materials and strategy, interest and offers received;	122.50	42,740.00	348.90
Statutory and Appointment Liaising with solicitors regarding the Notices of Intention to appoint; Consenting to act; Providing statements of prior professional relationship; Liaising with solicitors regarding the Notice of Appointment of Administrators; Liaising with solicitors regarding the Notices of Intention to appoint; Consenting to act; and Liaising with solicitors regarding the Notice of Appointment of Administrators.	40.50	15,916.50	393.00
	311.10	126,322.50	406.05

ANALYSIS OF TIME COSTS AND COMPARISON TO FEES ESTIMATE

The following table provides details of the Joint Administrators' time costs incurred in the Current Period.

Further information on the work undertaken in the current reporting period, including an explanation as to why the various tasks were required and whether the work provides a financial benefit to creditors is provided within the narrative summary of work undertaken at Appendix Fii.

Creditors will note that a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.

Time costs incurred for the period 14 December 2023 to 11 January 2024			
Description of Work	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)
Admin & Planning	73.90	25,828.00	349.50
Taxation	0.70	249.50	356.43
Investigations	2.00	581.00	290.50
Realisation of Assets	44.90	17,843.00	397.39
Trading	120.20	55,158.00	458.89
Employees	47.50	12,651.50	266.35
Creditors	25.90	7,875.00	304.05
Reporting	2.90	1,289.00	444.48
Distributions	-	-	-
Cashiering	20.00	3,867.50	193.37
Statutory compliance	12.50	3,686.50	294.92
Totals	350.50	129,029.00	368.13

SHIPHAM VALVES LIMITED - IN ADMINISTRATION

NARRATIVE SUMMARY OF WORK UNDERTAKEN

Introduction

The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been done during the period, why it was done and whether the work provides a financial benefit to creditors.

This summary should be read together with the Time Costs Analysis at Appendix Fi. The costs incurred in relation to each category are set out in the attached Time Cost Analysis.

Work carried out in the Current Period**Administration and planning**

The following work has been undertaken:

- Case acceptance and ethical reviews;
- Completing case strategy notes;
- Holding strategy meetings internally regarding trading, marketing strategy and the Administration generally;
- Holding meetings with Directors and secured creditors to discuss strategy, marketing and trading matters;
- Set up, managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.

The majority of this work derived no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.

Taxation

The following activities were undertaken in order to ensure the Company is compliant with tax requirements:

- Discussing VAT position with Company's FD, obtaining and reviewing pre-appointment VAT reports;
- Providing information to HM Revenue & Customs ('HMRC').

The majority of this work derives no financial benefit to creditors but is required in accordance with statute and tax legislation. However, where there is a potential tax asset identified, this may have added value for creditors, either via realisations into the Administration estate, or by mitigating the claim of HMRC via Crown setoff. Also, finalising the pre-Administration position of the Company over all heads of taxes will assist HMRC in finalising its claim, especially the element that ranks with secondary preferential status.

Investigations

The following work has been carried out in order to comply with the Administrators' obligations to carry out an initial review of the affairs of the Company and the conduct of the Directors.

- Corresponding with the Directors and former directors;
- Arranging collection of relevant electronic records;
- Issuing correspondence to the Company's bank, accountants and solicitors to request information;
- Review of questionnaires and consideration of initial scope of investigations.

The majority of this work derives no financial benefit to creditors but is required in accordance with statute. However, where additional assets or actions against individuals are identified, this may lead to additional recoveries for the Administration estate.

Realisation of Assets

The work undertaken in respect of the realisation of the Company's assets is detailed in Section 5 of the report.

Work in this category which has been completed has involved:

- Preparing for and managing the marketing of the business post-appointment, including: liaising with interested parties, advertising the opportunity via third party websites, dealing with interested party queries, calls with interested parties, preparation and completion of non-disclosure agreements, preparing information for the data room, managing access to the data room, arranging for interested parties to speak to management and attend site;

SHIPHAM VALVES LIMITED - IN ADMINISTRATION

NARRATIVE SUMMARY OF WORK UNDERTAKEN

- Liaising with agents and solicitors in respect of the marketing and assets generally;
- Identifying, securing and insuring assets;
- Inventory of assets with assistance of agents, liaising with HP/finance creditors in respect of assets, including the return of assets;
- Review of bank statements, making arrangements for transfer of cash at bank;
- Liaising with employees regarding return of laptops and company phones;
- Reviewing Retention of Title claims: preparing letters to claimants, liaising with claimants in respect of their claims, requesting and reviewing information in support of their claims, facilitating site visits and review of the validity of ROT claims;

The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate. The costs associated with the recovery are considered appropriate in the circumstances.

Trading

The Company is continuing to trade under the management of the Administrators. Further information in this regard is provided at section 4 of the Proposals. Work undertaken in this category to date includes:

- Holding internal trading strategy meetings; holding meetings with directors and staff;
- Formulating the ongoing trading strategy including planning for the fulfilment of customer orders and management of key suppliers and stocks;
- Attending site to manage trading on a day to day basis, including holding discussions with key suppliers and customers in respect of pending orders and dealing with general trading matters as and when they arise;
- Fielding queries from customers and suppliers with regards to the trading process;
- Liaising with suppliers, HP and finance companies with regards to providing undertakings and maintaining key services;
- Preparing and updating trading cash flows;
- Holding discussions with employees with regards to the Administration process;
- Reporting to secured creditor and key stakeholders on trading strategy and progress.
- Assisting with the preparation and review of the December payroll, including overseeing reporting requirements, payment of net wages, liaising with the payroll agent and preparing detailed calculations of the apportionment of wages and deductions over the pre- and post-Administration periods;
- Overseeing general HR related matters including resignations;
- Reporting to secured creditor and key stakeholders on trading strategy and progress.

There is a financial benefit to creditors in undertaking this work by enabling the best possible trading outcome in the circumstances. The decision to trade the business anticipates maximising the value attainable for a sale of the business and assets as a going concern in the first instance.

Employees

The Company employed 70 members of staff, 39 of which were made redundant upon the Company entering into Administration.

Work undertaken in this category to date includes:

- Holding a meeting of the staff to confirm redundancies, providing notices of redundancy and liaising with ERA agents in respect of employee entitlement and claims calculations;
- Carrying out a detailed review of the Company payroll and employee records with regards to the calculation of claims and entitlements;
- Dealing with employee queries as they arise;
- Carrying out Section S120 searches in respect of Company's pension scheme, providing notice of appointment to the Pension Scheme, The Pensions Regulator and the Pension Protection Fund; engaging pension agents to assist with a review of the scheme;

The above work is required to enable the employees' claims and any claims due to the pension scheme to be dealt with appropriately and in accordance with statute. There is a financial benefit to creditors in carrying out this work as it assists staff in obtaining their entitlements upon redundancy and the assists the pension scheme in recouping any arrears of contributions from the RPS, plus ensuring that preferential claims are dealt with appropriately.

NARRATIVE SUMMARY OF WORK UNDERTAKEN

Creditors

The work undertaken in this category to date includes:

- Liaising with the secured creditor in respect of their claim and to provide periodic updates on the Administration;
- Obtaining a schedule of the Company's creditors in preparation for issuing statutory notices of appointment;
- Dealing with unsecured creditor queries, reviewing and logging creditor claims upon receipt.

There is a financial benefit to creditors in carrying out the above work as it ensures that creditor claims are correctly recorded and information is available to facilitate the adjudication of claims.

Reporting

Reporting requirements during the period as prescribed by statute have included the following:

- Planning the preparation of these Proposals including preparing template documents;
- Drafting Proposals and appendices.

It is not expected that this work will result in a direct financial benefit for creditors. However, it is required in order to ensure that the case is administered in line with regulatory requirements.

Cashiering

Cashiering work undertaken includes:

- Establishing set up of case details on our insolvency software system;
- Setting up bank accounts, including deposit accounts as necessary.
- Preparing and processing of payments, receipts and journals.

It is not expected that this work will result in a direct financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by the Joint Administrators' regulatory bodies.

Statutory and Compliance

The work undertaken as required by statute and internal procedures involves:

- Preparation and lodgement of statutory appointment documents; and
- Initial notices and advertisements following appointment;
- Requesting a Statement of Affairs from the Director and agreeing an extension to the deadline for completion;
- Case Bordereau

It is not expected that this work will result in a direct financial benefit for creditors and work in this area is required by statute or the Administrators internal procedures. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements.

SHIPHAM VALVES LIMITED - IN ADMINISTRATION

RATES AND EXPENSES POLICY

Charge-out rates

Details of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Associate Director / Manager	Senior Executive / Executive	Cashier	Support staff
Charge out rates per hour effective from 1 September 2023 (£)	575-863	500-713	370-633	220-449	130-449	130-230

Specialist departments within our Firm, (Tax and VAT) may charge a number of hours if and when their expert advice is required. The rate ranges above incorporate these different rates.

Charge-out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Expenses

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements.

Disbursements are payments which are first met by the office holder, and then reimbursed to the office holder from the estate.

Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

- **Category 1 expenses:** These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. Category 1 expenses can be paid without prior approval.
- **Category 2 expenses:** These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner persons as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

It is proposed that the following Category 2 expenses incurred in administering the case be charged:

- *Mileage will be charged at relevant HM Revenue & Customs prevailing rates, currently 45p per mile.*

The Joint Administrators reserve the right to increase the charges applicable to mileage in accordance with any increases in the prevailing rate set by HM Revenue & Customs. Any material amendments will be advised to creditors in the next statutory report.