

# CVA4

## Notice of termination or full implementation of voluntary arrangement



Companies House

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refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 8 2 2 5 2 7 5

Company name in full Scaffteq West Ltd

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Supervisor's name

Full forename(s) Ninos

Surname Koumettou

### 3 Supervisor's address

Building name/number 1 Kings Avenue

Street

Post town London

County/Region

Postcode N 2 1 3 N A

Country

### 4 Supervisor's name <sup>①</sup>

Full forename(s) Yiannis

Surname Koumettou

#### ① Other supervisor

Use this section to tell us about  
another supervisor.

### 5 Supervisor's address <sup>②</sup>

Building name/number 1 Kings Avenue

Street

Post town London

County/Region

Postcode N 2 1 3 N A

Country

#### ② Other supervisor

Use this section to tell us about  
another supervisor.

# CVA4

## Notice of termination or full implementation of voluntary arrangement

### 6 Date voluntary arrangement fully implemented or terminated

Date 

d	d	m	m	y	y	y	y
2	2	0	2	2	0	2	4

### 7 Attachments

- ☐ I have attached a copy of the notice to creditors  
☒ I have attached the supervisor's report

### 8 Sign and date

Supervisor's signature

Supervisor's signature

X



X

Signature date

d	d	m	m	y	y	y	y
2	2	0	2	2	0	2	4

# CVA4

## Notice of termination or full implementation of voluntary arrangement



### 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 **Kerri Cramphorn**

Company name **Begbies Traynor (Central) LLP**

Address **1 Kings Avenue**

Post town **London**

County/Region

Postcode **N 2 1 3 N A**

Country

DX **DX 36953 Winchmore Hill**

Telephone **020 8370 7250**



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

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



### Important information

**All information on this form will appear on the public record.**



### Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

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**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

Ninos Koumettou and Yiannis Koumettou appointed joint supervisors on 15 May 2023.

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## **Scaffiteq West Ltd**

### **(Company Voluntary Arrangement)**

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#### **Joint Supervisors' Final Report on Termination of the Company Voluntary Arrangement (CVA)**

Period 15 May 2023 to 22 February 2024

## Important Notice

This report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them or by any other person for any purpose whatsoever.

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## Contents

- ❑ Interpretation
- ❑ Relevant information
- ❑ Introduction
  - Background to Arrangement
  - Developments since approval of Arrangement
- ❑ Abstract of receipts and payments
- ❑ Progress during the period of this report
- ❑ Explanation of departures from the proposal as it originally took effect and why the Arrangement has terminated.
- ❑ Outcome for creditors
- ❑ Supervisors' remuneration & expenses
- ❑ Other relevant information
- ❑ Conclusion
- ❑ Appendices
  - 1. Joint supervisors' account of receipts and payments
  - 2. Joint supervisors' time costs and expenses
  - 3. Certificate of Termination

# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Scaffteq West Ltd (Proposed Voluntary Arrangement)
"the Supervisors" "we" "us" "our" etc	Ninos Koumettou of Begbies Traynor (Central) LLP, 1 Kings Avenue, London, N21 3NA and Yiannis Koumettou of Begbies Traynor (Central) LLP, 1 Kings Avenue, London, N21 3NA
"the Arrangement"	The terms of the Proposal, Standard Conditions and any modifications (and/or variations) agreed by the Company's creditors
"the Proposal"	The directors' proposal for a Company Voluntary Arrangement dated 17 April 2023
"the directors"	Adele Mclay and David Hayde

# 2. RELEVANT INFORMATION

Name of Company	Scaffteq West Ltd
Trading name(s):	As above
Date of Incorporation:	24 September 2012
Company registered number:	08225275
Company registered office:	11 Walker Way, Thornbury, Bristol, BS35 3US
Commencement date of the Arrangement	15 May 2023.
Duration of the Arrangement	63 months (variation to include 6- month extension)
Main provisions of the Arrangement	<p>i) The company paid the sum of £6,000 prior to the decision date to cover the cost of issuing a winding up petition if the Company fails to comply with its obligations. It is unlikely that the Supervisors will petition for winding up in the event of default as a secured creditor is likely to appoint an Administrator in the event of default.</p> <p>ii) The Company makes monthly contributions, commencing in the month following approval of the Arrangement, which will be subject to increments throughout the duration of the Arrangement as set out below:-</p> <p>May 2023 to September 2023 £1,000 per month</p> <p>October 2023 to September 2028 £53,333 per month</p>

Contributions start low to enable the Company's cashflow position to stabilise and to ensure that sufficient funds are retained to enable payment to secured creditors to be made in a timely manner going forward.

iv) The Supervisors will carry out a review of the Company's trading position 6 monthly to ascertain whether the company is able to increase its contributions.

v) An additional monthly payment in respect of the SRS2 loan will be made to Triple Point/Lendnet in May 2023 so that the company is one month in advance with the payments.

vi) The Company should maintain payments of £4,167.06 in respect of its CIBLS loan to Nat West on the basis that the company's bank accounts were with IPS.

vii) The Company will maintain payments of all ongoing liabilities to its creditors in accordance with terms.

viii) The Company will provide evidence of PAYE, CIS liability and payment to the Supervisors each month. The same information will be provided in respect of the VAT liability but on a quarterly basis, as and when the liability falls due.

ix) Additional funds would be injected over the terms of the Arrangement to enable payment of creditors in full.

Dividend paid to creditors.

No dividends have been paid to date.

### 3. INTRODUCTION

#### Background to Company entering Company Voluntary Arrangement

- 3.1 A full trading history is included at paragraph 4 of the Proposal. For creditors' convenience, we have summarised the position below:
- 3.2 SRS2 Ltd, (an SPV, set up by the directors) purchased the Company in March 2019 financed with a £2,500,000 loan from TP (now Lendnet (LN)), with a vendor finance balance payable over 3 years, which was paid in full.
- 3.3 The Company operates as a well-known scaffolding contractor serving the south west of England specialising in the housebuilding sector, regularly providing for projects of 300 houses or more at any one time. The Company also assists clients to obtain the necessary Council of Mortgage Lenders (CML) certificates required for builds with clients including David Wilson Homes, Taylor Wimpey, Barratt Homes, and Bellway Homes.
- 3.4 The Company operates as part of the Safe Rise Scaffolding Group with Safe Rise Scaffolding (SRS), BCM, SRS2 (the group). The directors are the ultimate beneficial owners (UBOs) of SRS2 Limited which owns all shares in the Company. They are also the UBOs of Safe Rise Scaffolding Limited (SRS) which owns the shares in BCM. The Company and BCM are the trading entities within the group, although they operate independently. BCM provides services like the Company, but in the London area.
- 3.5 There are various intercompany loans within the group. At the time of preparing the proposal SRS owed the company £1,298,195 and BCM owed the company £127,553. However, it should be

noted that the £1,298,195 that the Company has lent to SRS2 has been used to repay LN, the vendor finance, and other obligations of SRS2 and is not expected to be repaid.

- 3.6 The directors attributed the Company's financial problem to the Covid Pandemic which caused site shutdowns, project delays, furlough contributions, wage and price inflation and material shortages. This resulted in a significant HMRC debt of circa £3.3 million as well as payments to TP not being maintained in accordance with terms.
- 3.7 Despite focus on cutting costs and securing more profitable projects, the Company was unable to clear its historic debts. The directors were in discussion with LN regarding the possibility of refinancing/introducing equity from the realisation of personal assets in New Zealand and considering the sale of BCM with a view to alleviating some of the cashflow issues within the group. Attempts to enter a Time to Pay Arrangement with HMRC had been ongoing for some time but were fruitless.
- 3.8 On 23<sup>rd</sup> February 2023, HMRC issued a winding up petition (ref: CR-2023-001024) which was listed for hearing on 19<sup>th</sup> April 2023 in the High Court. HMRC agreed not to advertise the petition and hearing was adjourned to 17<sup>th</sup> May 2023 to enable the Company to put forward a proposal for a CVA.
- 3.9 As a petition had been presented against the Company, the Company made an application for a Validation Order (VO) to ensure that the Company could pay business critical expenditure in the interim period until such time as the Proposal is considered by creditors. A VO was granted on the 23<sup>rd</sup> March 2023 authorising the Company to make payments until the hearing on 19<sup>th</sup> April 2023. This was subsequently extended to coincide with the adjournment of the winding up petition.
- 3.10 Unfortunately, notwithstanding that it was agreed the petition would not be advertised, HMRC advertised the winding up petition in respect of the second hearing. Although the Company was able to continue to trade due the VO, as detailed below, this had an adverse effect on the trading position.
- 3.11 It was considered, if the CVA was approved, this would provide the best result all round, in particular:
- i) Control of non- secured creditors.
  - ii) Retention of Company Operating Licence (which would cease in Liquidation/ Administration and is non transferrable)
  - iii) Opportunity for cashflow to stabilise to allow for payment of secured creditors and the Directors to focus on securing new contracts.
- 3.12 In the event of Administration, it was projected that the best-case scenario of securing an in-situ sale as a going concern would only result in a return of 38.53p in the pound to secondary preferential creditors with no return to unsecured creditors. Secured creditors were not anticipated to receive any return as all assets were caught under the floating charge. Any recoveries by secured creditors would be subject to recovery under cross/ personal guarantees. The projections were based on the secured creditors calling upon cross guarantees and no other recoveries from companies within the group.

#### Developments since the approval of the Arrangement

- 3.13 After the approval of the Arrangement, it came to our attention that the Company had not been able to comply with all the terms of the Arrangement. As detailed below, the Company experienced cashflow issues which have caused delays/arrears in respect of payments to LN, (the holder of a qualifying floating charge), and post CVA arrears in respect of payments to H M Revenue and Customs (HMRC). Additionally, the Company has been unable to increase the monthly contributions in accordance with the terms of the proposal.
- 3.14 Best practice guidance requires us to identify any departures from the Arrangement and to deal with them promptly. We had been in discussion with the directors, LN and HMRC extensively over the last few months and were in the process of finalising a report to creditors and members of the Company



seeking variations to the Arrangement. Which enabled the Arrangement to continue with revised terms notwithstanding the defaults. Whilst this was being considered by creditors, in accordance with HMRC's request, solicitors had been instructed to issue a winding up petition against the Company.

3.15 During discussions with LN regarding the terms of the variations to be sought, LN raised concerns that further payments were missed under the loan agreements. As a result, on 16<sup>th</sup> February 2024, LN took action to appoint David Paul Hudson and Matthew Whitchurch of FRP Advisory Trading Limited, 110 Cannon Street London, EC4N 6EU as Joint Administrators of the Company.

3.16 Modification 14 as requested by HMRC, as detailed in the outcome report, provides:

The Arrangement shall terminate upon:

- a) The making of a winding up Order against the Company or the Company going into Administration.
- b) Where there is express authority for the Supervisors so doing, the Supervisors issuing a certificate of Termination.

3.17 The Company going into Administration has therefore terminated the Arrangement. The Rules require that on termination of the CVA the joint supervisors are to send a report to creditors and members summarising all receipts and payments made by them in pursuance of the Arrangement. In addition, we are required to explain any departure from the proposal as originally approved and the reasons why the arrangement has terminated.

## 4. ABSTRACT OF RECEIPTS AND PAYMENTS

4.1 Please find at Appendix 1 an abstract which shows the receipts and payments since the commencement of the Arrangement which I summarise below –

Receipts.

4.2 The initial payment of £6,000 to cover the costs of winding up were received.

4.3 Monthly payments in the sum of £1,000 have been maintained since approval Contributions to the CVA totalled £9,000 in the period of this report.

Payments

4.4 HMRC petitioning costs in the sum of £1,079.20 were paid in accordance with the terms of the Proposal.

4.5 Funds were being retained to cover the cost of issuing a winding up petition if necessary. However, because the Arrangement has terminated, the balance of the funds in hand have been drawn to defray the outstanding Nominee's fees as detailed below. Nominee's fees in the sum of £13,960.75 have been drawn on account.

## 5. WORK UNDERTAKEN SINCE OUR APPOINTMENT

Dismissal of the winding up petition

5.1 The adjourned winding up hearing came before the Court on 17<sup>th</sup> May 2023. Counsel was instructed to attend on behalf of the company. A dismissal Order ordinarily provides that the advertisement of the petition is dispensed with. However, due to the issues which the advertisement had caused to the trading of the Company, Counsel was instructed on behalf of the Company to attend to request that the advertisement was not dispensed with. The Order was made accordingly, and the dismissal of the petition was advertised on 23<sup>rd</sup> May 2023. It was hoped that this would assist to alleviate concerns of potential new customers.

5.2 We continued to liaise with the company Bankers to ensure that the Company Bank account would continue to be operational following the expiration of the VO pending receipt of the Order of dismissal.

5.3 HMRC petition costs have been obtained and paid as an expense of the arrangement (£1,079.20).

#### Engagement with key parties

5.4 The CVA was approved on 15<sup>th</sup> May 2023 subject to modifications from HMRC. LN were fully engaged throughout the process to ensure continued support and, with the consent of HMRC, the modifications requested by HMRC were amended to address LN's concerns. We have been in discussion with the directors, HMRC and LN post approval regarding the various issues which have arisen since the approval of the arrangement.

#### Cashflow Issues

5.5 The directors have advised that income had not been in line with the cashflow forecast for the following reasons:

- 1) The erroneous advertisement of the winding up petition caused issues with both clients and suppliers, more so than would normally be anticipated from the registration of the CVA at the Registrar of Companies.
- 2) Changes in the housing market (main client sector) following on from the increase in interest rates and consequent delays to housing projects.
- 3) One client entering a CVA arrangement and another withdrawing from its' development and the Company having to remove its equipment rather than continue with the expected contract.
- 4) Clients entering a CVA and withdrawing from its development. The Company was working with Sweet Construction on a housing development, and they notified the Company in June that the development had stopped. Additionally, The Company was working with L and G Modular Homes on a housing development in Bristol and they told the Company in July that they were closing their modular factory and not continuing with the development in its current form. The Company had expected £250,000 of work on this project over the summer.
- 5) Problems with ongoing Company suppliers/clients.:

Despite payments being maintained, the Company was requested to pay security deposits in respect of its fuel cards (£8,000) as well as one of the lease companies which provide 8 vehicles to the company. It was apparent that some companies did not understand the difference between a CVA and a Liquidation and termination lease agreements for vehicles, whilst other suppliers reduced payment terms.

2 new clients advised they would not contract with the Company due to the CVA being in place. To retain the benefit of this work, the contracts have been put through Newco 2 (detailed below). Due to the general decline in the market, the directors advised that they had only received one new order from existing clients since the approval of the CVA. They do not consider this to reflect the CVA status but the general market. This client has expressed reservations about contracting with the Company and the directors proposed entering into a new framework agreement under the Newco 2 name (detailed below).

Revised cashflow forecasts were prepared and reviewed.

#### Problems with renewal of Operating Licence (O Licence)

5.6 As detailed in the proposal, the Company is required to hold a Goods Vehicle Operating Licence (O Licence) which is issued by the Traffic Commissioner. The Company was issued with a licence on 15/07/2013 (licence number: OH112009) which is renewed every 5 years. The current licence expired on 15 July 2023 and at the time of preparing the proposal the Company was in the process of renewing the licence. Ordinarily, unlike other insolvency processes, a CVA does not affect an O License which continues as the company remains live.

- 5.7 However, as the renewal of the licence fell due shortly after the approval of the proposal. The directors advised that when they applied for the renewal of the licence given questions regarding the financial viability of the Company, they took the decision to make an application in Newco 2 (further information below). Newco 2 was operating under a temporary licence whilst the application is in process which has enabled the company to continue to trade.

Set up of new Companies.

- 5.12 When seeking advice in relation to the Company's financial position, the directors were advised that it could be useful to set up another entity as a backup particularly to ensure that no work was lost and that the Company would receive a benefit which would otherwise be lost. Additionally, although the O Licence is ordinarily retained in a CVA, we have seen problems where issues could arise such as large deposits for vehicle repairs being required. As a result, the directors set up Newco 2 as detailed below. We have not advised in relation to the set up or structure of the Company.

Bristol Scaffolding Services Limited (Newco1)

- 5.12 This company was set up by the directors on 24 February 2023. AM and DH are the directors and shareholders.

- 5.13 The directors advised:

- i) This company was set up at the advice of their accountants so that staff can be moved from Scafftec West Ltd to Newco 1 to avoid breaching the Companies House requirements for an audit and therefore incurring the unnecessary expense of an audit. We are advised these discussions were had with the company accountants prior to a petition being issued. However, the changes were not implemented until after approval due to the time taken to get the company registered as a taxpayer and then as an employer with HMRC.
- ii) They had to register this company as an employer with HMRC and with the Pensions Regulator. It also needed to be VAT and CIS registered. The employer application was made on 20 April 2023 and the Employer PAYE reference and Accounts Office references were received in late June 2023. Staff were consulted and they moved everyone on 1 July. They had to issue new contracts explaining that they were effectively TUPEED so they didn't lose any benefits.

- 5.14 We became aware that this company had been set up for this purpose when the Company banker contacted us for agreement to open an account.

- 5.15 The PAYE payments were shown as coming from the Company in the original cashflow forecast included in the proposal.

- 5.16 This raised concern that there would be no monitoring of the payment of these liabilities. This position was discussed with HMRC CVA Team. We were however advised that a different department of HMRC will monitor the position. In the circumstances, the variations being drafted included a term which provided for provision of the information to the Supervisors so payment can be monitored.

Safe Rise Scaffolding (West) Limited (Newco 2)

- 5.17 This Company was set up by the directors in March 2023. AM and DH are the directors and shareholders.

- 5.18 The directors confirmed that 2 contracts which would have otherwise been lost by the Company were going through this company (value £200k). In addition, an existing client has pointed out that under the terms of their framework agreement a CVA is defined as an insolvency act and that they couldn't issue a new order off that framework. The directors were working on getting a new framework in place with Newco2 so this order could be issued. Income stream was included in the cashflow forecasts provided.

- 5.19 The directors set up Newco 2 to reflect the group brand name of Safe Rise and to simplify the tax and accounting by keeping it separate from Newco 1.

#### Post VA tax arrears

- 5.20 The directors contacted us to advise that the Company would not be able to meet the PAYE liability due at the beginning of July 2023. Modification 16 as detailed in the outcome provided that if any such breach is not remedied within 30 days, the Supervisors are required to issue a winding up petition. Before taking such action, the position was considered with HMRC and as detailed below, the Company entered a Time to Pay arrangement (TTPA) with HMRC and advised repaid the debt in full. However, further arrears accrued in the sum of £134,742.13.

#### Funding Circle - Creditor missed from Company Statement of Affairs

- 5.23 We were contacted by FC advising that it had come to their attention that they have a liability which was not included in the Proposal.
- 5.24 From the information provided, it is apparent that the Company has a CBILs loan with Funding Circle which the directors had erroneously omitted to disclose in the company's proposal as they had it recorded in the accounts of the holding company.
- 5.25 There are several connected companies and two loans with Funding Circle. The directors investigated the matter and advised that the payments were being made by the Company. We were advised the Company accountants identified this error when preparing the accounts for SRS2, after the Company entered the CVA. Although SRS2 was a guarantor for the loan, the debt was in the name of the Company.
- 5.26 FC confirmed that the repayments were up to date, with 28 payments remaining at a rate of £6,352.66 per month; total outstanding balance inclusive of all interest and principal is £177,874.48, with a termination charge also applicable. FC are an unsecured creditor and were advised that the payments would not continue; they were requested to submit a claim in the CVA. We were advised they would look to claim under their government guarantee.

#### Keystone Law (KL)

- 5.27 KL was included in the proposal as a creditor with a claim of £8,869.24. However, it has since been established that this is an SRS2 debt.
- 5.28 Following approval of the CVA, we were contacted by KL who had acted for the former shareholder of SRS2. The former shareholder sold his shares in the Company to SRS2 Limited and SRS2 was obliged to pay deferred consideration. Although the consideration was paid, a Court Order against SRS2 required payment of KL's costs. Personal Guarantees were provided by the directors and KL were looking to enforce and had prepared bankruptcy petitions.
- 5.29 This creditor was not included in the CVA and the directors were advised this debt could not be paid from Company funds. I understand that the debt was subsequently cleared. If the directors were made bankrupt, they would have been prohibited from being directors of the Company and it likely the CVA will have failed.

#### Updated Cashflow Position

- 5.36 The circumstances above have meant that the first 6 months of trading post approval of the CVA were difficult. The directors remained confident that the position would change and reported an upturn in the market. Indeed, they have provided evidence of 2 contracts which were secured with existing clients started before Christmas (£543,562 contract with Taylor Wimpey) and another (£104,120 with Crest Nicholson). The market was slow towards the end of last year with contracts which they had hoped to secure being pushed to the new year. The directors have advised that 2 further contracts have been secured and there appears to be a significant improvement in the market with various tenders in the pipeline.

- 5.37 An updated cashflow was prepared which included all income newco2 and liabilities for newco1 (PAYE). The cashflow forecasts were prepared by the directors and not verified by us. We requested evidence of the new contracts and full transparency in relation to newcos. Management accounts could not be provided until the accounts for the year end 30<sup>th</sup> September 2023 were finalised which are being prepared.
- 5.39 LN understandably had concerns regarding the setup of newcos outside of the group structure and outside its security which a breach of the loan. They are also concerned to ensure that the funds flow to the Company especially where group company assets are being used to generate revenue is also noted.
- 5.40 Although our role was to ensure that the Company adheres to the terms of the Proposal, we were keen to ensure accountability and transparency as we did not have any powers over the newcos. In the circumstances, variations to be requested included requirement to provide information.
- 5.41 The directors advised that the cashflows considered all aspects of both newcos, including bank accounts. With Newco1 invoicing the Company (and Newco 2) each month for the staff costs (using reverse charge – T21 for VAT) and it will have no profit or loss and no assets. Newco2 receives the proceeds from two contracts and incurs the labour costs as recharged from Newco1. The only other cost at present for Newco 2 is the waste collection as this supplier no longer wished to provide services to the Company due to the CVA. The cash flow includes all the bank accounts. Newco 1 will not make a profit or loss as it will invoice the Company for the use of equipment and management costs.

#### ***Directors' position***

- 5.43 The directors remained confident that the position was improving such that the projected outcome of 100p in the pound to all classes of creditor was still achievable over time. As detailed in the proposal, although the directors were hopeful that payment in full would be achieved from trading over a payment of 5 years, they were also looking to realise personal assets with a view to raising funds to assist the Group's cashflow position. They advised that their family home in New Zealand was still up for sale, but no interest has been generated, they believe due to the current high interest rates, current NZ economic outlook an upcoming election and consequent lack of demand. They have moved from a large, rented family home to live in a flat which they own to reduce costs.

#### **Notice of Breach**

- 5.21 In accordance with the terms of the proposal, a Notice of Breach was issued on 19<sup>th</sup> July 2023 advising that if the breaches were not remedied by 18<sup>th</sup> August 2023 the Supervisors would be required to issue a winding up petition. It was however likely that LN would proceed with enforcement action before this time.
- 5.22 HMRC confirmed receipt of the arrears within 30 days together with receipt of the August PAYE liability. However, when HMRC processed its final claim, it transpired that a further sum of c £74,558.61 was due in respect of the split period (month 2 PAYE), part of which is included as the CVA claim. HMRC agreed for this to be paid over a period of 3 months at a rate of £24,852.87 per month HMRC subsequently confirmed that this had been paid. In accordance with modification 2 as detailed in the chairman's report, any variation proposed that has the effect of varying modifications imposed by HMRC requires the express support of HMRC.

It is HMRC's policy not to approve a variation when post VA arrears are outstanding. The directors were aware of this and were aiming to clear the arrears prior to the meeting of creditors which was to be convened to consider the following variations to the terms of the Arrangement :

*"That notwithstanding that the company has failed to comply with the terms of the Arrangement by:*

- i) accruing post VA tax liabilities.
- ii) failing to maintain payments to the secured creditor,
- iii) omitting to include Funding Circle in the CVA which has increased projected claims in the arrangement by circa £180,000.

the Supervisors will not be required to continue with the petition for the winding up and will withdraw the petition. Instead, the arrangement will be permitted to continue with the following revised/additional terms:-

- a) That HMRC post- petition liability in the sum of £75,558.61 is paid in full by 30<sup>th</sup> November 2023 by way of monthly payments in the sum of £24,852.87.
- b) All ongoing tax liabilities will be paid on time.
- c) Monthly contributions into the CVA from October 2023 will be reduced from £53,333 to £1,000 until May 2024.
- d) Contributions will increase to £53,333 minimum with effect from June 2024.
- e) The duration of the arrangement will be extended, if necessary, by a maximum period of 6 months to accommodate reduced contributions and increased claims to ensure that sufficient funds are injected to pay preferential, secondary preferential and unsecured creditors in full. For the avoidance of doubt, additional contributions will still be required for this purpose as set out in the Proposal.
- f) The directors will provide evidence monthly that all payroll and pension liabilities are being met in respect of Newco1. The Supervisors will have authority to check the position with HMRC.
- g) In respect of Newco 2, the directors will:
  - provide security to LN as may be requested in relation to Newco2
  - ensure all income from Newco 2 is to flow into the Company.
  - provide the Supervisors/LN with any information requested in respect of newco2 within 14 days of request.
  - not take any funds out of newco 2 either by way of salary dividend , management charge or other means.
- iii) The directors will provide management accounts to the supervisors and LN every 2 months, within 35 days of the month end. If the supervisors determine that the contributions can be increased above £1,000 this will be requested and the Company will be required to inject funds within 30 days. *A full review of the Company's trading position will be undertaken as set out in modification 20 of the Outcome report.* The directors are to keep the Supervisors updated in relation to any developments in relation to the sale of their personal assets.
- iv) If any default occurs, including failure to maintain monthly contributions in accordance with the terms of the proposal as varied, meeting post VA tax liabilities on time, providing information to the Supervisors in accordance with specified time scales or failure to meet payments to LN as agreed, the Supervisors are to issue a Notice of Breach. If the breach is not remedied within 30 days, the Supervisors are required to issue a winding up petition unless secured creditors seek the Appointment of Administrators which will terminate the Arrangement and the supervisors will not proceed.

- v) That the cap imposed by modification 28 as detailed in the outcome report be removed. Supervisors be remunerated in accordance with their time costs.

HMRC were advised of the variations being sought prior to the report being issued and agreed that these could be put forward, although there was no guarantee they will be approved. In accordance with the terms of the proposal and in accordance with HMRC's request, solicitors were instructed to issue a winding up petition against the Company whilst the variations were being considered with the intention that if the variations are approved, the petition would be withdrawn.

#### LN Position

- 5.30 LN are owed circa £2m by BCM and £2.15m by SRS2 and have the benefit of security, personal guarantees from the directors and cross guarantees within the group. The terms of the Proposal provide that the payments to secured creditors are to be maintained as per the terms of the agreements. The CVA does not in any way affect the rights of a secured creditor. LN have been fully apprised of the position regarding the progress of the CVA.
- 5.31 LN advised that the payment due to be met on 1st July was not made. We were subsequently advised that payments for August had also not been paid. LN issued letters of reservation to all companies within the group and the directors in respect of the personal guarantees.
- 5.32 Revised cashflow forecasts were prepared by the directors. Discussions with LN were held to determine if it would agree to the directors' request to reduce LN's payments to interest only (£15,000) for a period. It was also proposed that CVA payments would be reduced to £20,000 as opposed to £53,333 for the short term. HMRC had indicated that it would be agreeable to the reduction in CVA contributions, given the general market conditions and problems faced by the Company.
- 5.33 LN put the matter to its committee and were not happy to reduce to interest only. The position was further considered with HMRC. HMRC indicated they were willing to agree to the contributions remaining at £1,000 for an extended period to enable the payments to LN to be brought up to date.
- 5.34 LN raised the following concerns and requested directors cooperate with the appointment of their choice of Administrators:
- 1) Lack of transparency and communication from directors regarding non- payment. The transfer of employees and assets into other companies is a breach of terms of debenture and reduction in security.
  - 2) Concerns as to whether interest payments would be made as another group company had not maintained interest payments following agreement.
  - 3) They were not aware of FC CBILS loan which is in a breach of agreement.
- 5.35 Further discussions ensued,. However, given that further loan payments had not been made and arrears escalated to five months, LN took the decision to appoint Administrators. Instructions to solicitors to issue the winding up petition were subsequently withdrawn.

What work has been done since our appointment, why was that work necessary and what has been the financial benefit (if any) to creditors?

- 5.45 In addition to the work undertaken above, under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors. The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2. The details below relate to the work undertaken since our last report only.

#### General case administration and planning

- 5.46 As Supervisors, we are required to maintain case files to ensure that we have a contemporaneous and accurate record of how the case has been administered, including fully documenting the reasons for and decisions that materially affect the case. In addition, we are obliged to carry out regular compliance reviews of the case together with progress reviews in order ensure that the statutory requirements are being complied with and that the case is being efficiently and effectively progressed. Whilst this work is of no direct financial benefit to the creditors, we are required to maintain such records.
- 5.47 As set out above, we have been involved in extensive discussions with the directors regarding the various matters arising since the approval of the arrangement which has resulted in a notice of default being issued.

#### Compliance with the Insolvency Act, Rules and best practice

- 5.48 The outcome report has been filed at Companies House and with the Court. As creditors are aware, a supervisor is required to report on the progress of the Arrangement to the creditors and carry out other regulatory compliance matters such as reviewing the adequacy of the case Bond required to be in place by Office Holders together with carrying out periodic bank reconciliations. We have prepared a variation report (which was not issued to creditors due to the intervening Administration) and prepared this final report.
- 5.49 Again, this work is of no financial benefit to creditors, but it ensures that the creditors are updated in respect of the progress of the Arrangement and given the opportunity to decide how the Arrangement should proceed.

#### Realisation of assets

- 5.50 The only assets available for the purposes of the Arrangement are the monthly contributions. We have been regularly monitoring the payment of the monthly contributions to ensure these are being made in accordance with the terms of the Arrangement to date.

#### Dealing with all creditors' claims, correspondence and distributions

- 5.51 We have been involved in discussions with HMRC in relation to the progression of the Arrangement and ensuring information is received to enable HMRC to submit a final claim which has now been received. We have had teleconferences with LN and the directors to discuss the progress of the Arrangement.
- 5.52 Additionally, we were contacted by FC who were not detailed as a creditor on the company's statement of affairs and dealt with queries arising as a result. We have also dealt with KL's queries, and it was ascertained they were not a creditor of the Company but SRS2.
- 5.53 Creditor claims have been registered on our systems and we have addressed creditor queries. Time has been spent discussing an additional claim with the director and the creditor to determine how this should be dealt with.



## 6 EXPLANATION OF ANY DEPARTURES FROM THE PROPOSAL AS IT ORIGINALLY TOOK EFFECT AND WHY THE ARRANGEMENT HAS TERMINATED

- 6.1 As detailed above the terms of the proposal have not been complied with and solicitors were instructed to issue a winding up petition. However, the Arrangement has now terminated as the Company has been placed into Administration.

## 7. OUTCOME FOR CREDITORS

- 7.1 The funds paid into the Arrangement were insufficient to enable a dividend to be paid to creditors. The limited funds in hand have been utilised to defray outstanding fees.

## 8. REMUNERATION & EXPENSES AND REVISED ESTIMATE OF THE AMOUNT OF THEIR REMUNERATION TO THE SUCCESSFUL CONCLUSION OF THE ARRANGEMENT

As detailed in the proposal, and outcome report, our fees are as follows:

### Nominees' fees

- 8.1 The terms of the proposal provides that our Nominee's fees in the sum of £25,000 were to be paid from the realisations into the estate in advance of all other costs and expenses. we have received a payment of £13,960.75 and the balance of £11,039.25 remains outstanding.

### Supervisors' Fees

- 8.2 Our remuneration has been fixed by reference to the time properly given by us (as Supervisors) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the Arrangement and we are authorised to draw expenses including expenses for services provided by our firm (defined as category 2 expenses in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which are attached at Appendix 2 of this report. It was estimated that these would equate to circa £50,000 over the 63-month duration of the Arrangement.

- 8.3 Modification 28 as requested by HMR provides:

*"The Supervisor's fees shall not exceed £50,000 in total and shall be drawn proportionally in line with receipts"*

- 8.4 Our time costs for the period from 15 May 2023 to 20<sup>th</sup> February 2024 amount to £45,967.00 which represents 109.7 hours at an average rate of £419.02 per hour. An analysis of time costs incurred in this period is attached at Appendix 2 showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type. It is intended that the Time Costs Analysis and the information contained in this report will provide sufficient information to enable creditors to consider the level of those fees in the context of the case.

- 8.5 The following information in relation to our time costs and expenses is set out at Appendix 2

- ☐ Begbies Traynor (Central) LLP's charging policy

□ Time Costs Analysis for the period 15 May 2023 to 22 February 2024

8.6 The fees are considerably above the level which we would anticipate at this stage in the Arrangement due to the additional work considering the breaches as set out above. No fees have been drawn as there has been insufficient funds.

8.7 Our outstanding fees will be a claim in the Administration.

What is the anticipated payment for administering the case in full and did the joint Supervisors receive full payment?

8.8 We originally estimated that the cost of administering the voluntary arrangement would be in the region of £50,000. However, as detailed above due to the significant level of unanticipated work undertaken due to the Company's failure to adhere to the terms of the Arrangement, the fees are significantly higher than anticipated. We have outstanding Nominee's fees in the sum of £11,039.25 and outstanding Supervisors' fees in the sum of £45,967 which does not include the costs for completing final administrative tasks. Additionally expenses as detailed below remain outstanding. We will submit a claim in the Administration for these outstanding sums.

8.9 A copy of Voluntary Arrangements – A Creditors' Guide to Insolvency Practitioners' Fees (E&W) 2021' which provides guidance on creditors' rights can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides) Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

#### **Supervisors' expenses**

8.10 We have not incurred or drawn any Category 2 expenses.

Expenditure incurred to date

8.11 Expenses incurred to date total £793.83:

15<sup>th</sup> May 2023 – 20<sup>th</sup> February 2024

Type of expense	Amount (£)	Paid from estate (£)	Outstanding (£)
Bond	£612.00	0.00	£612.00
Postage	£6.83	0.00	£6.83
Counsel fees	£175.00	0.00	£175.00
Total	£793.83	0.00	£793.83

Howes Percival LLP were recently instructed to issue a winding up petition against the Company. However, given the negligible amount of work undertaken to date in this respect, no fees have been incurred.

Why have subcontractors been used?

8.12 No subcontractors have been used.

## OTHER RELEVANT INFORMATION

### Use of personal information

- 9.1 Please note that while discharging our duties as supervisors, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

## 10 CONCLUSION

- 10.1 In light of the above information and the issuing of the Certificate of Termination, the Arrangement has come to an end.

We have explained in correspondence our intentions regarding vacating office.

Should creditors require any more information in relation to the proposed variations we would ask them to contact Kerri Cramphorn of our office on 0208 370 7270 / [kerri.cramphorn@bgtuk.com](mailto:kerri.cramphorn@bgtuk.com) who would be pleased to assist with any questions. We will report to you on the outcome of the voting in due course.

A handwritten signature in black ink, appearing to read 'Ninos Koumettou', with a long horizontal line extending from the end of the signature.

Ninos Koumettou FCA, FCCA, FABRP  
Joint Supervisor

Dated: 22 February 2024

# JOINT SUPERVISORS' ACCOUNT OF RECEIPTS AND PAYMENTS

For the period 15th May 2023 to 22nd February 2024

Voluntary Arrangement of  
Scaffteq West Ltd  
To 21/02/2024

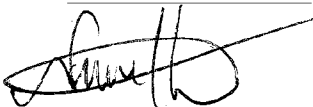
S of A £		£	£
	<b>SECURED CREDITORS</b>		
(220,000.00)	Asset Advantage	NIL	
(2,650,000.00)	Lend Net	NIL	NIL
	<b>HIRE PURCHASE</b>		
10,400.00	Forklift Truck	NIL	
(10,440.00)	Grant Handling	NIL	
13,875.00	CV68 OMT Transit Van	NIL	
(13,875.00)	BNP Paribas	NIL	
12,428.00	BC66 XNJ Ford Custom	NIL	
(12,428.00)	BNP Paribas	NIL	
249,111.00	Scaffolding and Equipment	NIL	
(249,111.00)	Various	NIL	NIL
	<b>ASSET REALISATIONS</b>		
6,750.00	Furniture & Equipment	NIL	
36,743.00	Unencumbered Motor Vehicles	NIL	
629,316.00	Unencumbered Scaffolding and Equip	NIL	
50,000.00	Retentions and WIP	NIL	
600,000.00	Book Debts	NIL	
1.00	Loan to associated companies	NIL	
22,000.00	Cash at Bank	NIL	
1.00	Prepayments	NIL	
	Bank Interest Gross	39.95	
	Monthly contributions	9,000.00	
	Initial injection for winding up costs	6,000.00	15,039.95
	<b>COST OF REALISATIONS</b>		
	HMRC Petitioning Costs	1,079.20	
	Nominee's fee	13,960.75	(15,039.95)
	<b>PREFERENTIAL CREDITORS</b>		
(36,414.00)	Pension Contributions	NIL	NIL
	<b>SECONDARY PREFERENTIAL CREDITORS</b>		
(3,150,500.76)	HMRC	NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(202,215.06)	Trade Creditors	NIL	
(166,680.00)	Nat West CIBLS	NIL	
(144,958.74)	HMRC (charges intrest and employee	NIL	
(216,145.00)	HMRC Deferred Tax	NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	NIL	NIL

Voluntary Arrangement of  
Scaffteq West Ltd  
To 21/02/2024

S of A £	£	£
(5,442,242.56)		NIL

REPRESENTED BY

NIL



Ninos Koumettou  
Joint Nominee

## JOINT SUPERVISORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 15<sup>th</sup> May 2023 to 22nd February 2024

## BEGBIES TRAYNOR CHARGING POLICY

### INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance\* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm.: It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance\* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

### OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of their staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder, and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in 6 minute units at the individual's hourly rate in force at that time which is detailed below.

### EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Expenses are 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, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ❑ Category 1 expenses (approval not required) - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ Category 2 expenses (approval required) - Items of expenditure that are directly related to the case and either:
  - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
  - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

\* Statement of Insolvency Practice 9, (SIP9) – Payments to Insolvency office holders and their associates from an estate



Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- ☐ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £150 per meeting;
- ☐ Car mileage which is charged at the rate of 45 pence per mile;

General Office Overheads.

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a Category 1 expense:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

**BEGBIES TRAYNOR CHARGE-OUT RATES**

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London North office as at the date of this report are as follows:

Grade of staff	Charge-out rate range (£ per hour) 10 <sup>th</sup> July 2023 until further notice
Appointment taker/partner	560-640
Managers/directors	415-540
Other professional	215-300
Junior professional/support	170

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

As detailed above, time is recorded in 6 minute units.

SIP9 Scaffteq West Ltd - Company Voluntary Arrangement - 21SC234.CVA : Time Costs Analysis From 15/05/2023 To 22/02/2024

Staff Grade		Consultant/Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning			3.8							3.8	1,900.00	500.00
	Administration			53.9		13.2		5.0			72.1	31,155.00	432.11
	Total for General Case Administration and Planning:			57.7		13.2		5.0			75.9	33,055.00	435.51
Compliance with the Insolvency Act, Rules and best practice	Appointment							0.6			0.6	117.00	195.00
	Banking and Bonding							7.0		1.9	8.9	1,780.00	200.00
	Case Closure			1.0							1.0	500.00	500.00
	Statutory reporting and statement of affairs			1.4							1.4	700.00	500.00
	Total for Compliance with the Insolvency Act, Rules and best practice:			2.4				7.6		1.9	11.9	3,097.00	260.25
Investigations	CDDA and investigations												0.00
	Total for Investigations:												0.00
Realisation of assets	Debt collection												0.00
	Property, business and asset sales												0.00
	Retention of Title/Third party assets												0.00
	Total for Realisation of assets:												0.00
Trading	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured			6.7							6.7	3,350.00	500.00
	Others			2.6							2.6	1,248.00	480.00
	Creditors committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:			9.3							9.3	4,598.00	494.41
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors			6.4		3.3					9.7	4,190.00	431.96
	Meetings												0.00
	Other			0.5		1.9					2.4	777.00	323.75
	Tax												0.00
	Litigation			0.5							0.5	250.00	500.00
	Total for Other matters:			7.4		5.2					12.6	5,217.00	414.05
	Total hours by staff grade:			76.8		18.4		12.6		1.9	109.7		
	Total time cost by staff grade £:			37,626.50		5,422.50		2,595.00		323.00		45,967.00	
	Average hourly rate £:	0.00	0.00	489.93	0.00	294.70	0.00	205.95	0.00	170.00			419.02
	Total fees drawn to date £:											0.00	

## CERTIFICATE OF TERMINATION

## NOTICE OF TERMINATION OF THE COMPANY VOLUNTARY ARRANGEMENT

Scaffteq West Ltd (Registered number: 08225275) ("**the Company**")

This notice is given pursuant to Rule 2.44 of the Insolvency (England and Wales) Rules 2016 ("**the Rules**") and Standard Condition 11 and 71 of the Arrangement.

**Court details:**

Court Name: High Court of Justice

Court Number: 001985 of 2023

**Office-holder details:**

Ninos Koumettou and Yiannis Koumettou, both of Begbies Traynor (Central) LLP were appointed as Joint Supervisors on 15 May 2023.

I hereby confirm that the Company's Voluntary Arrangement, which took effect on 15 May 2023, has been terminated as of 16 February 2024 when the Company was placed into Administration. Further information can be found in the Supervisors' final report and account dated, 22<sup>nd</sup> February 2024 a copy of which has been made available for viewing and downloading on a website.

**Contact details**

The Supervisors' postal address is at Begbies Traynor, 1 Kings Avenue, London, N21 3NA. If creditors and members have any queries in relation to this notice, they should contact Kerri Cramphorn by telephone on 0208 370 7250, or by email at [kerri.cramphorn@btguk.com](mailto:kerri.cramphorn@btguk.com) or by post at the address detailed above.

Dated: 22nd February 2024



Signed: .....

Ninos Koumettou FCA, FCCA, FABRP  
Joint Supervisor