

Enverity Limited (in Administration) (“the Company”)

Administrators’ statement of proposals

Pursuant to paragraph 49 of schedule B1 to the Insolvency Act 1986

Date of delivery of proposals to creditors 11 February 2019

Abbreviations

The following abbreviations are used in this report:

the Company or Enverity	Enverity Limited
the Group	Hawk Plant (UK) Limited, Hawk Plant Hire Limited, Hawk Hire Limited, Enverity Limited, Safety and Training Limited, Hawk Plant Limited and Hawk Plant Sales Limited
the Hawk Group	Hawk Plant (UK) Limited, Hawk Plant Hire Limited, Hawk Hire Limited, Safety and Training Limited, Hawk Plant Limited and Hawk Plant Sales Limited
Secured Lenders	Wells, ABN, Aurelius and BGF
Primary Lenders	Wells and ABN
Wells	Wells Fargo Capital Finance (UK) Limited
ABN	ABN AMRO Asset Based Finance N.V., UK Branch
Aurelius	Aurelius Finance Company Limited
BGF	BGF Nominees Ltd
Directors	The Directors of the Company
Management	The Management of the Company
The Purchaser	Construction Testing Solutions Limited
AMA	Accelerated Merger and Acquisition
TUPE	Transfer of Undertaking (Protection of Employment) Regulations 2006

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1. Introduction, background and circumstances giving rise to the appointment

Introduction

On 4 February 2019 the Company entered administration and S J Woodward, A P Williams and R H Kelly were appointed to act as Joint Administrators. This document, including its appendices, constitutes the Joint Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016.

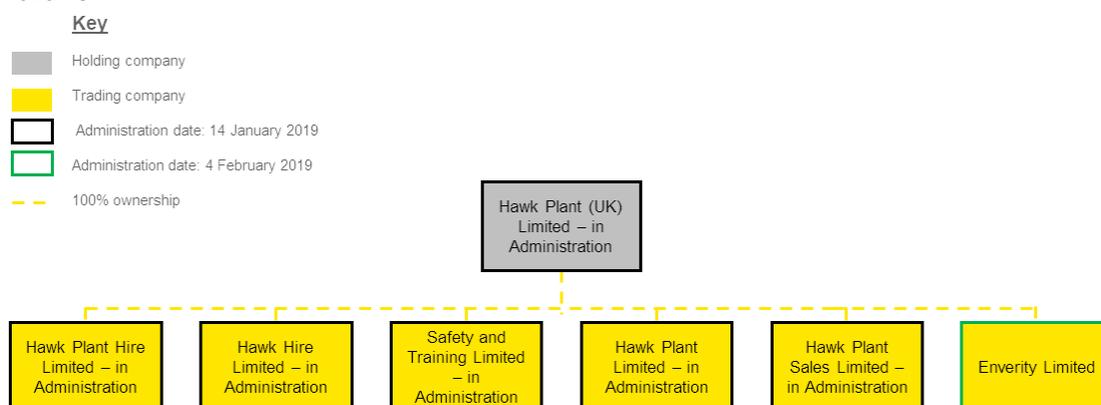
Certain statutory information relating to the Company and the appointment of the Joint Administrators is provided at Appendix A.

Background

The Company provided geotechnical and construction materials testing for the UK civil engineering and structural engineering sectors. Established in 2009, Enverity operated as a testing partner, providing a service which enabled customers to reduce ground related uncertainty and risk.

The Company's head office was in Newark, where it operated a testing laboratory, with additional operations in Daventry (satellite office). The Company employed 12 staff at the date of the Administration.

The Company operated as a legal entity within a wider group which consisted of Hawk Plant (UK) Limited (parent company) and six of its subsidiaries ("the Group"). All companies in the Group with the exception of the Company ("the Hawk Group") entered Administration on 14 January 2019. The Group structure as at the date of the Company's Administration was as follows:



The recent financial results of the Company can be summarised as follows:

<i>Period year or period ended</i>	<i>Type audited/ draft</i>	<i>Turnover £000</i>	<i>Gross profit £000</i>	<i>Gross profit %</i>	<i>Directors' remuneration £000</i>	<i>Net profit after tax £000</i>	<i>Net Assets / Liabilities £000</i>
30 November 18 (11 months)	Draft	878	435	49.5	-	241	687
31 December 17	Audited	827	388	46.9	-	161	433
31 December 16	Audited	850	344	40.4	-	116	273

Circumstances Giving Rise to the Appointment of the Administrators

In late Q4 2018, the Group identified an additional funding requirement and approached their main institutional shareholder requesting additional capital. At this point the Group was funded through a facility provided jointly by Wells Fargo Capital (UK) Limited (“Wells”) and ABN AMRO Asset based finance N.V. UK Branch (“ABN”) (together “the Primary Lenders”). Aurelius Finance Company Limited (“Aurelius”) had also provided the Group with £5m of funding (subordinated to Wells and ABN). In addition to funding provided by the Primary Lenders and Aurelius, BGF Nominees Limited (“BGF”) as security trustee on behalf of themselves and other noteholders provided funding to the Group. The funds provided by the Primary Lenders, Aurelius and BGF were secured against fixed and floating charges over the Group’s assets.

As a result of the Group’s recent trading performance and the Group’s forecast funding requirement, Wells requested assistance in understanding and appraising the current financial position and future prospects of the Group.

On 14 December 2018, EY were first introduced to the Group by Wells and on 2 January 2019 engaged by Wells to understand and comment on the liquidity position of the Group. In addition, on the same date EY were engaged by Wells to conduct options analysis and contingency planning in respect of the Group.

The Company has historically been profitable, reporting EBITDA of c.£0.16m in the year ended 31 December 2016 (audited), c.£0.21m in the year ended 31 December 2017 (audited) and c.£0.2m in the 11 months to 30 November 2018 (management accounts).

More recently, however, the position of the Company was impacted by the insolvency of the Hawk Group. This had a significant impact for a number of reasons, including:

- ▶ The Company provided services to the Hawk Group, with c.40% of the Company’s revenues derived from other Group companies, all of which effectively ceased trading with the Company on 14 January 2019.
- ▶ In addition to the loss of future revenue, at the date the Hawk Group entered insolvency, there were intercompany trade debtor balances owed to the Company totalling c.£0.59m and other intercompany balances owed to the Company of c.£0.14m. As a consequence of the Hawk Group insolvencies, a substantial proportion of these balances are likely to be irrecoverable.
- ▶ Finally, the Group was financed through a joint facility provided to the Company by Wells and ABN. This facility was provided to the Group and was cross-guaranteed across all the Group companies including the Company. As a result of the Hawk Group insolvencies the facility available to the Company was in default and not available, resulting in an immediate funding requirement.

Since the date of the Hawk Group appointments, the Joint Administrators, as office holders of Hawk Plant (UK) Limited (in Administration), the Company’s parent, explored options in relation to the Company’s business and commenced an Accelerated Merger and Acquisition (“AMA”) process from 14 January 2019.

As a part of this process, the Company was widely marketed to potential interested parties who either (i) contacted the Joint Administrators of the Hawk Group and/or (ii) were identified by EY’s Mergers and Acquisitions team or Management as potential bidders.

Following the Joint Administrators’ appointment over the Hawk Group, it became clear that the Company required additional funding in the short-term to meet ongoing trading liabilities including payroll for the Company’s 12 employees due by the end of January 2019.

Given the administration of the Hawk Group and the likely impact of the loss of approximately 40% of the Company’s turnover to other Group businesses, it was considered unlikely that

third party funding sufficient to support the Company in the longer term would realistically be available. No request was made to the Group's Secured Creditors given their prior decision to consent to the Hawk Group administrations. The Directors considered that it was in the interest of creditors and appropriate to seek short term funding (principally to meet payroll costs) from the Company's parent (Hawk Plant (UK) Limited (in Administration)) to allow the AMA process to complete.

In the period following appointment on the 14 January 2019, the Joint Administrators of the Hawk Group consulted with the Secured Creditors, Wells, ABN, Aurelius and BGF who were supportive of the AMA process and ultimately the transaction completed with the Purchaser.

It was not considered appropriate to trade the business and offer it for sale as a going concern during the administration given the likely adverse impact on the Company's customer and employee base and consequential erosion of goodwill.

Following a deadline of 25 January 2019 set for best and final offers, the leading bid received was for the business and assets of the Company. Following receipt of independent legal advice, the directors of the Company concluded that, in the circumstances including the obligations of the Company to the Primary Lenders, the ongoing additional funding requirement, the nature of the offers received and the consent requirements of the Group's Secured Lenders it was appropriate and in the best interests of creditors to seek to place the Company into Administration and a Notice of Intention to appoint S J Woodward, A P Williams and R H Kelly was submitted on 1 February 2019.

On 4 February 2019, immediately following the appointment of the Joint Administrators, the business and certain assets of the Company were sold to Construction Testing Solutions Limited.

The Joint Administrators and their advisors have incurred total pre-administration costs and expenses of £118,340 which remain unpaid. Further information regarding the costs incurred is detailed at Section 6 of these Proposals.

2. Purpose, conduct and end of administration

Purpose of the administration

The purpose of an administration is to achieve one of three objectives:

- a. To rescue the company as a going concern
- b. To achieve 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. To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

Objective (a) was not considered to be achievable given the level of secured cross-guaranteed debt and intercompany trading across the Group. The objective being pursued in respect of the Company is therefore objective (b).

The pre-pack sale of the Company's business and certain assets enables this objective to be achieved as it will result in an increased amount available for distribution to creditors than if the Company were wound up without first being in administration. The outcome achieved through the pre-pack sale was the best available outcome for creditors as a whole in the circumstances.

Conduct of the administration

Pre-packaged sale of the business and or assets

On 4 February 2019 the Joint Administrators completed a sale of the Company's business and assets to Construction Testing Solutions Limited for a total consideration of £350,000.00.

A detailed explanation of the transaction is attached at Appendix E to these proposals.

Significant assets not included in the sale agreement

It should be noted that both the trade debtors and intercompany debtors were excluded from the transaction and therefore remain the property of the Company.

Asset realisations

To date, the only asset realisations in the Administration are those from the pre-packaged sale of the Company's business and certain assets.

Administrators' receipts and payments

A summary of the Administrators' receipts and payments for the period from 4 February 2019 to 8 February 2019 is attached at Appendix C.

Approval of the administrators' proposals

The Joint Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part and consequently, in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Act, they do not intend to seek a decision of the creditors on the approval of the proposals.

The Joint Administrators will be obliged to seek a decision of the creditors if requested to do so by creditors of the Company whose debts amount to at least 10% of the total debts of the company. The request must be delivered within 8 business days of the date on which these proposals are delivered to creditors (or such longer period as the court may allow) and must include the information required by Rule 15.18 of the Insolvency (England and Wales) Rules 2016.

In accordance with Rule 15.19 of the Rules, the Joint Administrators may require a deposit as security for payment of the expenses associated with convening a decision procedure or deemed consent procedure and will not be obliged to initiate the procedure until they have received the required sum.

Future conduct of the administration

The Joint Administrators will continue to deal with the Administration in line with the stated objectives, namely to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration).

- ▶ Collecting the Company's debtor book;
- ▶ Investigating the extent of any other assets held by the Company;
- ▶ Calculating the Corporation Tax and VAT positions of the Company as at the date of appointment, and for subsequent periods during the administration;
- ▶ Dealing with statutory reporting and compliance obligations, including reporting on the directors' conduct;
- ▶ Distributing amounts due to secured creditors;
- ▶ Distributing amounts due to unsecured creditors (by virtue of the prescribed part if applicable);
- ▶ Dealing with unsecured creditor enquiries;
- ▶ Finalising the Administration, including the payment of all Administration liabilities; and
- ▶ Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the administration.

The Administration will be funded by the realisations achieved from the Company assets.

The end of the administration

It is proposed that if at the end of the Administration the Company has no property which might permit a distribution to its creditors, the Joint Administrators will send a notice to that effect to the registrar of companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

3. Statement of Affairs

The directors have not yet submitted Statements of Affairs for the Companies. A notice requiring the submission of a Statement of Affairs was issued to all current directors of the Companies on 4 February 2019 and the deadline for the directors to submit a Statement of Affairs is 11 days after the receipt of the notice. We understand that a Statement of Affairs for all Companies will be submitted in due course.

In the absence of a Statement of Affairs, we attach at Appendix B an estimate of the Company's financial position as at 4 February 2019, together with a list of creditors including, as far as is currently known, their names, addresses, amounts owed and details of any security held.

We provide below, for information, an indication of the current position with regard to creditors' claims. Please note, these figures have not been subject to independent review or statutory audit.

Secured creditors

The Company's secured lenders are Wells, Aurelius and BGF.

Wells and ABN

The Company was funded principally by a Group facility provided by Wells and ABN jointly via a rolling credit facility. This facility was funded against trade receivables and plant and machinery assets.

At the date of appointment the total indebtedness to Wells and ABN was c.£29.4m (before post appointment interest and charges), secured by fixed and floating charges over the assets of the Company and Group.

Aurelius

At the date of appointment, Aurelius had provided funding to the Company via loan to the Group of c.£5.0m before post appointment costs and interest. This debt is secured against fixed and floating charges over the Group companies' including the Company's assets.

Aurelius' security ranks behind that granted to the Primary Lenders, Wells and ABN.

BGF

At the date of the appointment, BGF as security trustee on behalf of themselves and other noteholders had provided loan notes to the Group totalling c.£1.7m.

BGF's loan was secured by fixed and floating charge over the Group including the Company, ranking behind that of both the Primary Lenders, Wells and ABN and Aurelius.

Preferential creditors

All of the Company's 12 employees were transferred to the Purchaser under TUPE. The Administrators therefore do not anticipate any preferential claims being received.

Non-preferential creditors

These creditor claims continue to be submitted. It is estimated that total non-preferential claims will be in the region of £368k.

4. Prescribed part

The Prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The Joint Administrators estimate, to the best of their knowledge and belief, that (before costs of the administration):

- ▶ The value of the Company's net property is £24,392.
- ▶ The value of the Prescribed part is £7,878, before the costs of dealing with the Prescribed part.

The Joint Administrators may make an application to the court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the Prescribed part.

5. Administrators' remuneration and disbursements and payments to other professionals

Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Administrators.

In the event that a creditors' decision is not requested and a creditors' committee is not formed, the Joint Administrators will seek to have their remuneration fixed by the secured creditor(s) in accordance with Rule 18.18(4) of the Rules. The Joint Administrators will ask for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration, in accordance with the fee estimate dated 11 February 2019 which is being circulated to creditors at the same time as these proposals.

Disbursements

Disbursements are expenses met by and reimbursed to the joint administrators. They fall into two categories: Category 1 and Category 2. The fee estimate and statement of expenses dated 11 February 2019 includes details of the Category 1 and 2 disbursements which are expected to be incurred.

Category 1 disbursements are payments to independent third parties where there is expenditure directly referable to the administration. Category 1 disbursements can be drawn without prior approval.

Category 2 disbursements are expenses that are directly referable to the administration but not to a payment to an independent third party. They may include an element of shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as remuneration. In the event that a creditors' decision is not requested and a creditors' committee is not formed, the Joint Administrators will seek the approval of the secured creditor(s) to charge Category 2 disbursements in accordance with the statement of expenses included in the fee estimate dated 11 February 2019.

6. Pre administration costs

The Administrators are seeking approval for payment of unpaid pre administration costs totalling £118,290 plus VAT. The payment of unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52, and not part of the proposals subject to approval under paragraph 53. This means that they must be approved separately from the proposals.

A breakdown of the total pre administration costs incurred and amounts paid pre administration is attached at Appendix D. The nature of the pre-appointment work can be summarised as follows:

- ▶ Negotiating and completing the pre-pack transaction to the Purchaser (as detailed at Appendix E); and
- ▶ Planning for the period immediately post-appointment in order to deal with all matters effectively.

The breakdown attached at Appendix D sets out:

- ▶ The pre-appointment fees charged by the Administrator and their Advisors.
- ▶ The pre-appointment expenses incurred by the Administrator.

In the event that a creditors' meeting is not requisitioned and a creditors' committee is not formed, the Joint Administrators will seek to have the unpaid pre administration approved by the Secured creditors.

Appendix A Statutory information

Company Information

Company Name:	Enverity Limited
Registered Office Address:	Charleston House, Cruckmoor Lane, Prees Green, Whitchurch, Shropshire, SY13 2BS
Registered Number:	06930692
Trading Name(s):	n/a
Trading Address(es):	Quarry Farm, Bowbridge Lane, Newark, Nottinghamshire, NG24 3BZ, United Kingdom and Foxhill Farm, Badby Road West, Daventry, NN11 4NH

Details of the Administrators and of their appointment

Administrators:	S J Woodward, A P Williams and R H Kelly
Date of Appointment:	4 February 2019
By Whom Appointed:	The appointment was made by the Directors of the Company
Court Reference:	High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List; CR-2019-MAN-000041

Any of the functions to be performed or powers exercisable by the administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly.

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary A	100	100	100	100

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Michael Edward Hawkins	Director	8 September 2014	-	Nil
Sean Power	Director	14 December 2015	-	Nil
Alice Roberts-Bowen	Director	14 December 2015	-	Nil

Appendix A: Statutory Information

Gary John Smith	Director	14 December 2015	-	Nil
Paul John Allman	Director	14 December 2015	-	Nil
Steve Corcoran	Director	10 September 2018	-	Nil

Appendix B Estimate of financial position

A - Summary of Assets

	Book Value	Estimated to
	(£)	Realise
		(£)
Asset subject to fixed charge		
Goodwill	-	330,997
Debtors	133,612	121,295
Intercompany debtors	827,744	-
Bank - CID facility	113,444	32,089
Business and Intellectual Property	-	1
Customer List	-	1
Information Technology	-	1
Less:		
Amount due to Secured Lenders	(37,103,605)	(37,103,605)
Surplus/(Shortfall)	-36,028,804	-36,619,221
Assets subject to floating charge		
Equipment	12,502	10,000
Prepayments	5,808	-
Work in progress / Other debtors	7,337	9,000
Current accounts	5,392	5,392
Deferred corporation tax liability	1,260	-
	32,299	24,392

A1 - Summary of Liabilities

		Estimated to Realise (£)
Estimated total assets available for preferential creditors		24,392
Liabilities		
Preferential Creditors	Nil	
Estimated deficiency/surplus as regards preferential creditors		24,392
Estimated prescribed part of net property where applicable (to carry forward)	(7,878)	16,514
Estimated total assets available for floating charge holders		
Debts secured by floating charges	(36,619,221)	
Estimated deficiency/surplus of assets after floating charges		(36,602,708)
Estimated prescribed part of net property where applicable (brought down)	7,878	
Total assets available to unsecured creditors		7,878
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade Creditors	(78,852)	
Other creditors	(5,394)	
HMRC	(61,279)	
Intercompany Creditors	(192,129)	
Bank overdraft	(30,297)	
	(367,951)	
Estimated deficiency/surplus as regards unsecured creditors		(360,072)
Estimated deficiency/surplus as regards all creditors		(36,962,780)
Issued and called up capital	(100)	
Estimated total deficiency/surplus as regards members		(36,962,880)

B - Creditor Listing – Enverity Limited

Name	Address 1	Amount of debt (£)	Details of any security held	Date security given	Value of security
National Westminster Bank	8 Mardol Head, Shrewsbury SY1 1HE	30,297	-	-	-
HM Revenue & Customs	Accounts Office Cumbernauld, St Mungo's Road, Cumbernauld Glasgow G67 1YZ	61,279	-	-	-
Chris Allsop Metal Recycling Ltd	Lodge-on-the-Wolds Fosseyway NOTTINGHAM NG12 3HG	144	-	-	-
Avanti Parcels	14 Pelham Close NEWARK NG24 4XL	268	-	-	-
BNP Paribas Leasing Solutions Ltd	Northern Cross Basing View BASINGSTOKE RG21 4HL	481	-	-	-
Celtest Co Ltd	Trefelin BANGOR LL57 4LH	43	-	-	-
Chemtest Ltd	Depot Road NEWMARKET CB8 0AL	10,336	-	-	-
Digital Copier Systems (Eastern) Ltd	Gamma Terrace West Road IPSWICH IP3 9FF	486	-	-	-
Electronic Temperature Instruments Ltd	Easting Close WORTHING BN14 8HQ	120	-	-	-
Elmec Systems Ltd	Elmec Lodge Bowbridge Lane NEWARK NG24 3BY	444	-	-	-
Falcon Motors	200 Northgate NEWARK NG24 1HL	36	-	-	-
MCG Business Consultants Ltd	Orchard House 238b Beacon Hill Road NEWARK NG24 2JP	3,375	-	-	-
Grove Auto Electrical Services Ltd	2A Hawton Lane Balderton Nottingham NG24 3DL	231	-	-	-
Ground Engineering Ltd	Newark Road PETERBOROUGH PE1 5UA	288	-	-	-
Hammond Concrete Testing & Services Ltd	Unit 12, Ford Lane Business Park Ford Lane ARUNDEL BN18 0UZ	462	-	-	-
Harry Shaw Business Computers Ltd	29 -31 Leicester Street BEDWORTH CV12 8GG	614	-	-	-
Haven Power Ltd (Newark)		5,560	-	-	-
Hawkins Garages (Wem) Ltd	Hawkins Motors High Street Shropshire	23,329	-	-	-

Appendix B: Estimate of financial position

HSBC Commercial Card Services	HSB\	1,697	-	-	-
Impact Test Equipment Ltd	Building 21 Stevenston Industrial Estate STEVENSTON KA20 3LR	128	-	-	-
Kirk & Crane Electrical Co Ltd	69 - 73 London Road GRANTHAM NG31 6HW	480	-	-	-
Kiwa Limited (Kiwa CMT)	Unit 5 Prime Parkway Derby DE1 3QB	3,396	-	-	-
K4 Soils Laboratory	Unit 8 Olds Close WATFORD WD18 9RU	5,002	-	-	-
Lambda Calibration Ltd	Units 11 - 13 Chorley Central Business Park CHORLEY PR6 0BL	412	-	-	-
Long March Commercials	Unit 7 Broad March DAVENTRY NN11 4HE	1,014	-	-	-
MCG Business Consultants	238B BEACON HILL ROAD NEWARK NG242JP	3,375	-	-	-
The Milton Hotel	Milton Hill Llanwern NP18 2DU	1,800	-	-	-
Mountain Skip Hire & Recycling	Summit House Quarrington Lincolnshire	768	-	-	-
Movolytics Limited	The Switch Building, 9th Floor, Slough, SL1 1QP	635	-	-	-
Newprint Ltd	Goodwin Business Park Willie Snaith Road NEWMARKET CB8 7SQ	518	-	-	-
Newark & Sherwood District Council	Business Rates Section Kelham Hall Newark	5,798	-	-	-
Newark Vehicle Hire	Abbotts Way Newark NG24 2EL	144	-	-	-
N W Brown and Company Ltd	Richmond House 16-20 Regent Street Cambridge	360	-	-	-
One Stop Testing Equipment Ltd	PO Box1337 HEMEL HEMPSTEAD HP1 9HS	1,717	-	-	-
Opus Metrology	15 Maylan Road CORBY NN17 4DR	120	-	-	-
Precision Balance Services Ltd	3 Atlas Court Hermitage Industrial Estate Leicestershire	95	-	-	-
Professional Soils Laboratory Ltd	5/7 Hexthorpe Road Hexthorpe South Yorkshire	36	-	-	-
A H Quinn Tyres	3 Tithe Road UPPER WEEDON NN7 4RG	26	-	-	-
Radman Associates	Harvey House Bollington MACCLESFIELD SK10 5JR	378	-	-	-

Appendix B: Estimate of financial position

Safety & Training Ltd	Hawk Business Centre Sandford Industrial Park Whitchurch SY13 2AN	408	-	-	-
SKIPIT Ltd	Quarry Farm Works Bowbridge Lane Newark NG24 3BZ	210	-	-	-
Socotec UK Limited	Socotec House Bretby Business Park Bretby DE15 OYZ	522	-	-	-
Soil Engineering Geoservices Ltd	Henderson House Langley Place BURSCOUGH L40 8JS	39	-	-	-
Tru Group Ltd	Broad Lane Gilberdyke BROUGH HU15 2TB	113	-	-	-
Tyrolit Ltd	Eldon Close CRICK NN6 7UD	255	-	-	-
University Hospital Birmingham	UHB NHSFT 14-17 George Road Birmingham	102	-	-	-
Univar Europe Ltd	PO Box 1188 Aquarius House Bradford BD1 9UU	578	-	-	-
Winning Solutions Ltd	10 Falstaff Gardens ST ALBANS AL1 2AL	2,448	-	-	-
Xcalibre Equipment Ltd	Starley Court Hotchkiss Way COVENTRY CV3 2RL	60	-	-	-
Employees		5,394	-	-	-
Hawk Hire Ltd	Charleston House, Cruckmoor Lane, Prees Green, Whitchurch, Shropshire, SY13 2BS	24,817	-	-	-
Hawk Plant (UK) Limited	Charleston House, Cruckmoor Lane, Prees Green, Whitchurch, Shropshire, SY13 2BS	154,381	-	-	-
Hawkins (UK) Limited	Charleston House, Cruckmoor Lane, Prees Green, Whitchurch, Shropshire, SY13 2BS	12,931	-	-	-
Wells Fargo Capital Finance (UK) Limited	4th Floor, 90 Long Acre, London, WC2E 9RA	29,444,768	Fixed and floating charge	09-Nov-18	29,444,768
ABN AMRO Asset Based Finance N.V.	5 Aldermanbury Square, London, EC2V 7HR		Fixed and floating charge	09-Nov-18	
Aurelius Finance Company Limited	6th Floor, 33 Glass House Street, London, W1B 5DG	5,990,012	Fixed and floating charge	09-Nov-18	5,990,012
BGF Nominees Ltd	13-15 York Buildings, London WL2N 6JU	1,668,825	Fixed and floating charge	24-Dec-18	1,668,825

Appendix C Administrators' receipts and payments account for the period from 4 February 2019 to 8 February 2019

Notes	4 February 2019 to 8 February 2019 (£)
Fixed charge receipts	
Goodwill	330,997.00
IP	1.00
Customer List	1.00
IT	1.00
Bank Interest	38.37
	<u>331,038.37</u>
Floating charge receipts	
Plant and Machinery	10,000.00
Work in Progress	9,000.00
Licence Fee	2,450.00
Bank Interest	2.49
	<u>21,452.49</u>
1, 2	Total receipts <u>352,491</u>
Floating charge payments	
Nil	<u>-</u>
1, 2	Total payments <u>-</u>
3	Balances in hand <u>352,491</u>
Represented by:	
Cash at bank	352,491
	<u>352,491</u>

Notes

1. Receipts and payments are stated net of VAT.
2. The receipts and payments account has been prepared on a cash basis and does not take account of future receipts and payments
3. All funds are held in interest bearing accounts.

Appendix D Statement of pre-administration costs

Statement of pre-administration costs

	Administrator		Details
	Remuneration (£)	Expenses (£)	
Joint Administrators' time costs	82,290	50	Incurred by EY in respect of delivering the pre-pack transaction as per the note below
Legal expenses	36,000	Nil	Time costs incurred by DLA Piper UK LLP as per the note below
Total costs incurred	118,290	Nil	
Paid before the administration			
Joint Administrators' time costs	Nil	Nil	
Expenses	Nil	Nil	
Unpaid pre-administration costs	118,290	Nil	

Unpaid pre-administration costs are costs which had not been paid at the date of administration are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals. Further information on the way in which approval will be sought for unpaid pre-administration costs is set out in section 6 of this document.

EY: EY has incurred time costs and expenses of £82,340, which remain unpaid, in the period leading up to the appointment of the Administrators. This was principally in relation to the AMA process run from 14 January 2019, negotiating and completing the pre-pack transaction and preparing and reviewing documentation relevant to the appointment process and planning for the period immediately after appointment.

Legal expenses: DLA Piper UK LLP have been engaged to provide advice on a range of matters including, but not limited to: the drafting and negotiation of necessary contract paperwork in relation to the sale of the business and assets of the Company; and preparation of administration appointment documents. Consequently DLA have incurred associated costs of £36,000.

Appendix E Detailed Explanation of Pre-Pack Transaction

Appendix E is provided overleaf.

TO ALL KNOWN CREDITORS

11 February 2019

Ref: R/SJW/SH/SA/HAWK/37

Email: jgillie@uk.ey.com
Direct line: 0161 234 6455

Dear Sirs

Enverity Limited (in Administration) (“the Company”)

Trading name(s): Enverity

Principal trading addresses: Quarry Farm View, Bowbridge Lane, Newark, NG24 3BZ and Foxhill Farm, Badby Road West, Daventry, NN11 4NH

On 4 February 2019 the Company entered administration and S J Woodward, A P Williams and R H Kelly were appointed to act as Joint Administrators. The appointments were made by the Company’s Directors under the provisions of Paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. I attach formal notice of our appointment for your information.

As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the administration.

Sale of the business

On 4 February 2019, immediately following the appointment of the Joint Administrators, the business and certain assets of the Company were sold to Construction Testing Solutions Limited (“the Purchaser”) for a total consideration of £0.35m.

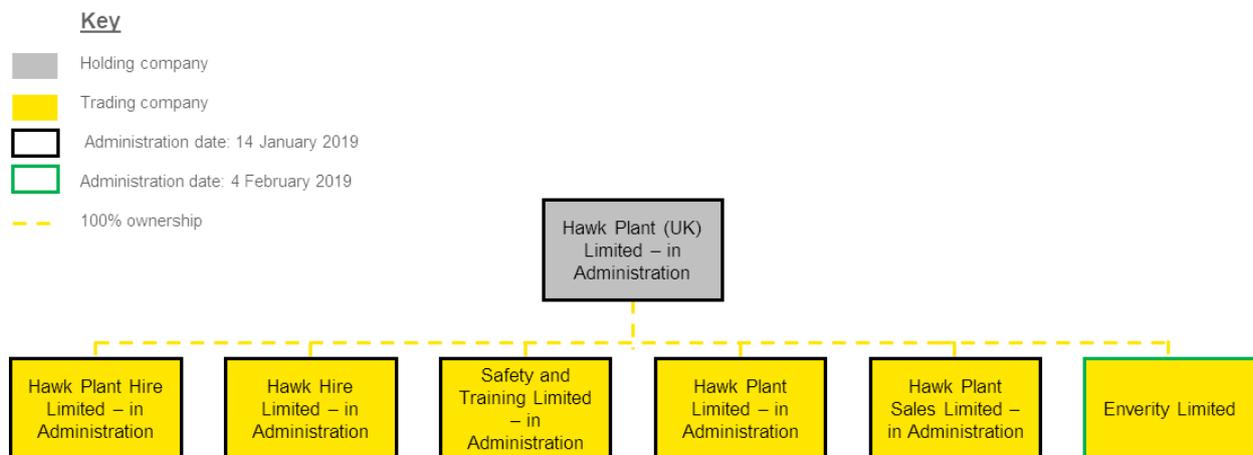
In accordance with Statement of Insolvency Practice 16, a detailed explanation of the transaction is set out below.

Background, initial introduction to the company and pre-appointment considerations

The Company provided geotechnical and construction materials testing for the UK civil engineering and structural engineering sectors. Established in 2009, the Company operated as a testing partner, providing a service which enabled customers to reduce ground related uncertainty and risk.

The Company’s head office was in Newark, where it operated a testing laboratory, with additional operations in Daventry (satellite office). The Company employed 12 staff at the date of the Administration.

The Company operated as a legal entity within a wider group which consisted of Hawk Plant (UK) Limited (parent company) and six of its subsidiaries (“the Group”). All companies in the Group with the exception of the Company (“the Hawk Group”) entered Administration on 14 January 2019. The Group structure as at the date of the Company’s Administration was as follows:



In late Q4 2018, the Group identified an additional funding requirement and approached their main institutional shareholder requesting additional capital. At this point the Group was funded through a facility provided jointly by Wells Fargo Capital (UK) Limited (“Wells”) and ABN AMRO Asset based finance N.V. UK Branch (“ABN”) (together “the Primary Lenders”). Aurelius Finance Company Limited (“Aurelius”) had also provided the Group with £5m of funding (subordinated to Wells and ABN). In addition to funding provided by the Primary Lenders and Aurelius, BGF Nominees Limited (“BGF”) as security trustee on behalf of themselves and other noteholders provided funding to the Group. The funds provided by the Primary Lenders, Aurelius and BGF were secured against fixed and floating charges over the Group’s assets.

As a result of the Group’s recent trading performance and the Group’s forecast funding requirement, Wells requested assistance in understanding and appraising the current financial position and future prospects of the Group.

On 14 December 2018, EY were first introduced to the Group by Wells and on 2 January 2019 engaged by Wells to understand and comment on the liquidity position of the Group. In addition, on the same date EY were engaged by Wells to conduct options analysis and contingency planning in respect of the Group.

The Company has historically been profitable, reporting EBITDA of c.£0.16m in the year ended 31 December 2016 (audited), c.£0.21m in the year ended 31 December 2017 (audited) and c.£0.2m in the 11 months to 30 November 2018 (management accounts).

More recently, however, the position of the Company was impacted by the insolvency of the Hawk Group. This had a significant impact for a number of reasons, including:

- ▶ The Company provided services to the Hawk Group, with c.40% of the Company's revenues derived from other Group companies, all of which effectively ceased trading with the Company on 14 January 2019.
- ▶ In addition to the loss of future revenue, at the date the Hawk Group entered insolvency, there were intercompany trade debtor balances owed to the Company totalling c.£0.59m and other intercompany balances owed to the Company of c.£0.14m. As a consequence of the Hawk Group insolvencies, a substantial proportion of these balances are likely to be irrecoverable.
- ▶ Finally, the Group was financed through a joint facility provided to the Company by Wells and ABN. This facility was provided to the Group and was cross-guaranteed across all the Group companies including the Company. As a result of the Hawk Group insolvencies this facility was not available to the Company, resulting in an immediate funding requirement.

Since the date of the Hawk Group appointments, the Joint Administrators, as office holders of Hawk Plant (UK) Limited (in Administration) the Company's parent, explored options in relation to the Company's business and commenced an Accelerated Merger and Acquisition ("AMA") process from 14 January 2019.

As a part of this process, the Company was widely marketed to potential interested parties who either (i) contacted the Joint Administrators of the Hawk Group and/or (ii) were identified by EY's Mergers and Acquisitions team or Management as potential bidders.

Following the Joint Administrators' appointment over the Hawk Group, it became clear that the Company required additional funding in the short-term to meet ongoing trading liabilities including payroll for the Company's 12 employees due by the end of January 2019.

Given the administration of the Hawk Group and the likely impact of the loss of approximately 40% of the Company's turnover to other Group businesses, it was considered unlikely that third party funding sufficient to support the Company in the longer term would realistically be available in the timescales required. No request was made to the Group's Secured Creditors given the Hawk Group administrations. The Directors considered that it was in the interest of creditors and appropriate to seek short term funding (principally to meet payroll costs) from the Company's parent (Hawk Plant (UK) Limited (in Administration)) to allow the AMA process to complete.

In the period following appointment on the 14 January 2019, the Joint Administrators of the Hawk Group consulted with the Secured Creditors, Wells, ABN, Aurelius and BGF who were supportive of the AMA process and ultimately the transaction completed with the Purchaser.

It was not considered appropriate to trade the business and offer it for sale as a going concern during the administration given the likely adverse impact on the Company's customer and employee base and consequential erosion of goodwill.

Following a deadline of 25 January 2019 set for best and final offers, the leading bid received was for the business and assets of the Company. Following receipt of independent legal advice, the directors of the Company concluded that, in the circumstances (including the obligations of the Company to the Primary Lenders, the ongoing additional funding requirement, the nature of the offers received and the consent requirements of the Group's Secured Lenders) it was appropriate and in the best interests of creditors to seek to place the Company into Administration and a Notice of Intention to appoint S J Woodward, A P Williams and R H Kelly was submitted on 1 February 2019.

On 4 February 2019, immediately following the appointment of the Joint Administrators, the business and certain assets of the Company were sold to Construction Testing Solutions Limited.

The company has the following registered charge(s):

Date of creation of charge	Date of registration of charge	Details of charge	Name of charge holder
9 November 2018	16 November 2018	Fixed and floating charge	Aurelius Finance Company Limited
9 November 2018	13 November 2018	Fixed and floating charge	Wells Fargo Capital Finance (UK) Limited
24 December 2018	2 January 2019	Fixed and floating charge	BGF Nominees Limited

Statutory purpose of administration

The purpose of an administration is to achieve one of three objectives:

- a) To rescue the company as a going concern.
- b) To achieve 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) To realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) is not able to be achieved given the quantum of secured and other claims and the sale of the Company's business. The objective being pursued is objective (b). The pre-pack sale of the Company's business and certain assets enables this objective to be achieved as it will result in an increased amount available for distribution to creditors than if the Company was wound up without first being in administration. The outcome achieved through the pre-pack sale was the best available outcome for creditors as a whole in all the circumstances.

Marketing of the business and assets

Following S J Woodward, A P Williams and R H Kelly's appointment as Joint Administrators of the Hawk Group on 14 January 2019, the Company, a subsidiary Hawk Plant (UK) Limited was widely marketed to potential purchasers that had made inbound enquiries, and had been identified by EY's Mergers and Acquisitions team, or Management. We believe the marketing process to have been sufficiently thorough over an appropriate period of time in the circumstances, and that it was proportionate to the nature and size of the Company's business.

A total of 19 parties were identified as potential purchasers and following initial contact, 11 were sent non-disclosure agreements ("NDAs") to sign and return to EY. All 11 parties duly completed the NDAs and were consequently provided with a two page overview document on the business and more detailed management information. Potential purchasers were advised that there was a limited timescale for executing the sale and that we were seeking to receive best and final offers by 25 January 2019 with a view to completing the transaction shortly thereafter.

Of the 11 interested parties who signed NDAs and were provided with further information, two parties requested discussions with Management to progress their interest and were accordingly granted access.

Five parties, one of whom was the Purchaser, then submitted offers ahead of the deadline on 25 January 2019.

We believe that the marketing strategy adopted has ensured that the best available consideration was obtained for the Group's assets thereby achieving the best available outcome for creditors as a whole.

The marketing complied with the 'Marketing Essentials' set out in SIP 16 in all respects other than the use of online communication to market the business. However, it is our view that this medium would not have identified additional parties who would realistically have been interested given size of the business (c.£0.9m turnover p.a.), the specialist nature of the Company's offering and the requirement to complete a transaction in a short timescale (given the ongoing funding requirement). In addition, news of the Hawk Group's insolvency was covered by a number of online publications and specific reference was made to the Company. We believe that this assisted in publicising the Company's situation, attracting potential interested parties.

Valuation of the business and assets

A formal valuation of the Company's business and assets was not obtained. The Company's only tangible fixed assets being fixtures, fittings, plant and machinery, office equipment and vehicles with a net book value of c.£12.5k, which we expected to achieve minimal (less than £10,000) value in any piecemeal sale. The Company's primary assets were its debtors and goodwill.

The invoiced debtor book was c.£701k as at 17 January 2019. However, 84% of this balance was due from Hawk Plant (UK) Limited which was insolvent. Consequently, only c.£112k was considered collectable, and these balances were not sold to the Purchaser.

The primary asset bought by the Purchaser, goodwill, was not valued by an external party. However, by pursuing a widely marketed sale of the business and certain assets of the Company, we were able to attain the market value for this asset in the circumstances.

We are satisfied as to the value achieved for the assets sold to the Purchaser based on the marketing process conducted and outlined above.

The transaction completed on 4 February 2019

Further details of the transaction are given below.

The Purchaser and related parties

The Purchaser is a company named Construction Testing Solutions Limited.

There are no known connections between the Purchaser and the directors, shareholders or secured creditors of the Company.

We are also not aware of any Directors of the Company providing a guarantee to the Secured Lenders or other prior financiers of the Company.

We are not aware that prior financiers of the Company are providing funding to the Purchaser.

The assets

The assets sold comprise the following:

Description of asset	Book value as at 31 December 2018 (£)	Valuation (£) and basis of valuation	Purchase consideration (£)
Business and Intellectual Property	Nil	N/A	1
Customer List	Nil	N/A	1
Equipment	12,502	N/A	10,000
Goodwill	Nil	N/A	330,997
Information Technology	Nil	N/A	1
Work in Progress	Nil	N/A	9,000
Total	12,502	N/A	350,000

Sale consideration of £350,000

The sale consideration was paid on completion in a single transaction.

The sale proceeds were apportioned as follows:

Category of asset	Allocated to fixed charge realisations (£)	Allocated to floating charge realisations (£)	Total (£)
Business and Intellectual Property	1	-	1
Customer List	1	-	1
Equipment	-	10,000	10,000
Goodwill	330,997	-	330,997
Information Technology	1	-	1
Work in Progress	-	9,000	9,000
Total	331,000	19,000	350,000

The sale consideration relating to this transaction is made up of:

- ▶ £331,000 in relation to fixed charge assets (principally Goodwill). These assets are secured to the Primary Lenders, being Wells and ABN (owed jointly c.£28m), Aurelius (owed c.£5m) and BGF Nominees Limited ("BGF") (owed c.£1.7m) with Wells Fargo and ABN having priority ranking over Aurelius, who in turn has priority over BGF.

- ▶ £19,000 in relation to floating charge assets. After accounting for the costs of the Administration, these will be made available to preferential creditors and the prescribed part (if any surplus exists after costs) with any surplus thereafter (if any) available to the secured creditors.

The £350,000 of consideration has been allocated to fixed and floating charge assets on the basis of the offer made by the Purchaser and consideration of the value of the associated assets.

It should be noted that cash, leasehold properties and the trade and intercompany debtors were not included in the transaction and therefore remain the property of Company.

Connected party transaction

The purchaser is not considered to be a connected party and therefore there has been no approach made to the pre-pack pool.

Administrators' proposals and remuneration

In accordance with paragraph 49(5) of schedule B1 to the Insolvency Act 1986, we have prepared the Joint Administrators' proposals, which are provided along with this letter. The proposals will be made available to all creditors and will give an indication of the likely dividend prospects. At this time, we also set out our proposals for remuneration and will seek approval for the basis.

Creditors' claims

Please note that debts incurred by the Company before our appointment will rank as unsecured claims against the Company. Any sums due to the Company arising after our appointment must be paid in full and without set-off against any debts incurred by the Company prior to our appointment. .

The directors are required to submit a statement of affairs to us and you will appreciate that the full financial position is not yet known. Please send me a detailed statement of any sums due to you from the Company.

Certain debts due from the Company may be preferential in accordance with section 386 of the Insolvency Act 1986. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in the Company's possession, please forward details to me as soon as possible.

You may be entitled to VAT bad debt relief on debts arising from supplies more than six months old. This procedure does not involve the Administrators and claims should be made directly to HM Revenue and Customs.

Opting out

Under the provisions of Rule 1.39, creditors have the right to elect to opt out of receiving further documents relating to the Administration.

If you do elect to opt out you will still receive the following documents:

- Any which the Insolvency Act requires to be delivered without expressly excluding opted-out creditors;

- Notice relating to a change in the administrators, or their contact details;
- Notice of dividend or proposed dividend; or
- A notice which the court orders to be sent to all creditors, or all creditors the particular category to which you belong.

Any election to opt-out will not affect your entitlement to receive dividends, if any are paid.

Unless the Rules provide to the contrary, opting-out will not affect your rights to vote in a decision procedure or participate in a deemed consent procedure, although you would not receive notice of such procedures.

Any opted-out creditors will be treated as opted out in respect of any consecutive insolvency procedure which might follow the Administration.

You may opt-out by delivering an authenticated (eg signed) and dated notice to me stating that you are electing to be an opted-out creditor in relation to this administration. You may at any time revoke this election by delivering to me an authenticated and dated notice stating that you no longer wish to be an opted-out creditor.

Other matters

If there are any matters concerning the company's affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

If you require any further information or explanation, please do not hesitate to contact my colleague, James Gillie on 0161 234 6455

Yours faithfully
for the Company



A P Williams
Joint Administrator

S J Woodward is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of England and Wales. A P Williams is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association. R H Kelly is authorised in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants of Scotland.

The affairs, business and property of the Company are being managed by the Joint Administrators, S J Woodward, A P Williams and R H Kelly, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.