

PART 1: DEMONSTRATION OF PROFESSIONAL SKILLS

1.1 Using your recent work experience, describe how you identified two different business issues

Probing the reasons for the lack of profitability of a company

March 2018

In recent years I have specialised in distressed companies operating in the building and construction sectors and, in March 2018, I was requested by the Chief Operating Officer of Q Ltd to identify issues that led to a significant downturn in profits over the past three years.

Having spent three days at the two main offices of Q Ltd and requested books and records from their accountants I set up a series of meetings with the directors and senior personnel of the company. These meetings revealed that the company had a number of serious issues – for example:

- Q Ltd purchased land on brownfield sites between October 2014 and May 2017 without planning permission for development.
- The Operations Director was involved in the purchase of construction equipment from a company owned by his brother.

These issues alerted me to the fact that there appeared to be problems with the conduct of the directors of the company. I explored the purchase of the construction company. I retrieved the contracts, checked them against relevant board minutes and set up a meeting with the board of directors, including the Operations Director, to discuss the implications of the transactions.

I also reviewed all payments to directors and senior personnel in the past 36 months. I noticed there had been a payment of dividends to directors when Q Ltd was not in a profit-making position and a time when key suppliers had not been paid. I compared these payments to those made at a time the company had been profitable and prepared a report for HMRC and the relevant directors, requesting immediate repayment.

I called a full meeting of the board of directors at which the issues that I had discovered were raised. Based on my investigations I concluded that the company had been operating with insufficient governance arrangements. The downturn in profits at the company was a symptom of wider systemic problems. The directors were consistently putting their own interests before those of the company and were not complying with their fiduciary duties as directors. I, therefore, advised that the company should be wound up on a voluntary basis.

1.2 Using your recent work experience, describe how you identified two different business issues

Discovery of a false claim of retention of title by a supplier

July 2017

In 2017 I worked initially as an advising member and then later as a Liquidator of a company sub-contracted to work on a large commercial development in the centre of Birmingham.

I spent the initial three days compiling information by requesting all board minutes from the past 24 months, books and records, all information filed with Companies House in the past 12 months and up-to-date financial information from the company's accountants. On day three I was called to a meeting with the former Stock Manager and we discussed the fact that a supplier of key stock was claiming retention of title over £25,000 worth of goods essential to the completion of work in progress. I prepared for the meeting by requesting all contracts relating to this supplier, as well as copies of all relevant emails and other correspondence and reading the latest judgments published in the area.

I spent a day at the company's warehouse to familiarise myself with the stock storage and checking systems and spent time with the Stock Manager walking around the warehouse comparing the up-to-date stock inventory with purchase numbers and sales dockets. As part of this process I asked for the stock in question to be pointed out to me, discovering it was not readily identifiable, as the units under discussion had been integrated with that from other suppliers. I set up a meeting with warehouse staff, preparing for the meeting by reviewing all stock records, comparing them with physical stock and discussing my findings with the Stock Manager. I discovered that the supplier making the retention of title claim had made similar demands two years previously which had been rebuffed by the former Operations Director leading to the claim being withdrawn. I compared these demands with the current claim, noting the similarities.

I prepared a report to be delivered to the supplier. The report contained a detailed graphic of all orders made (with order numbers, the date of each order, payment details and delivery dates, date of stock picking and details of replenished stock units) as well as records of the location of all relevant stock in the warehouse, which concluded that the claim by the supplier had no merit.

2.1 Using your recent work experience, describe how you have used technical expertise and/or business knowledge to analyse a business or professional situation

Analysis to determine the best and most practical insolvency solution for a company in distress

November 2016

One of my clients is A Gyms Ltd, a company involved in the fitness and leisure sector. In March 2014 the company's board of directors made the decision to permit external operators to set up franchised facilities, using the company's brand and support services. Several issues arose out of this, including allegations of inappropriate behaviour by some fitness instructors and two incidents resulting in serious injury to three gym members.

I had advised the Managing Director of A Gyms on a previous occasion when the business fell into financial difficulties and worked with him and his board to restructure the business by issuing more shares and offering them as security to the company's bankers. I have worked with a number of franchised operations in the past 10 years and been invited to be an expert witness at court hearings involving similar proceedings on three occasions.

I was called in to advise the directors following the closure of four premises and the much-publicised investigation by the police into the above-mentioned incidents. I spent five working days analysing company records, including the initial contracts and correspondence with legal advisers, the franchise agreements, the last eight quarterly management accounts of each franchisee and the audited accounts of A Gyms and all of the franchisees. I also interviewed senior members of the business and each of the franchisees and drew up comprehensive estimated outcome statements detailing the options available to A Gyms Ltd.

I compared the position of A Gyms with that of three similar operations which had suffered comparable challenges and which I had advised and led out of difficulty by way of spreadsheets that performed variance analysis..

The analysis and review included not just the options available to the company under the Insolvency Act 1986, but also practical ways to restructure the company, its operations and debt. The analysis was set out and reported in three main potential ways forward, entitled:

- 1.** Restructuring the debt of the company, together with refinancing options.
- 2.** Winding-up A Gyms and the implications of doing so to creditors and primary stakeholders.
- 3.** Alternatives to winding-up (such as an Administration or Company Voluntary Arrangement).

In my final report to the directors my advice was to approach the creditors and seek a Company Voluntary Arrangement, working with the major two creditors (HMRC and the main landlord) to persuade a total of 75 percent of creditors to accept the agreement.

2.2 Using your recent work experience, demonstrate how you have used numerical techniques to analyse a business or professional situation

Assessing the viability of a company to restructure its business

March 2018

I was invited to analyse the feasibility of a vehicle parts manufacturer that had suffered a serious financial downturn due to uncertainties in the spare parts market in Europe. The company's bankers had threatened to initiate winding-up proceedings and I requested a two week period to analyse and review numerical data to suggest other options.

I pulled together all financial information relating to the income and expenditure of the business from books, records, papers, ledgers, bank statements over the past 24 months, analysing the sales trends and comparative levels of expenditure. I used a series of breakeven forecasts (one for each division of the business) to calculate the selling price per unit of all the company's products, as well as a variable unit cost to make a comparison between the production of parts in each of the company's three locations (two in the United Kingdom and one in Croatia). I then calculated the total variable cost and a forecasted net profit for the next 12 and 24 months, assessing the value of closing one or two of the manufacturing sites and bringing distribution costs in-house.

I then devised an overall estimated outcome statement, inputting the numbers from the initial number grab above, setting out the best and worst case scenarios for each of the following insolvency options:

- Company Voluntary Arrangement (assuming a write off of 40 percent of the company's overall debt).
- Administration (introducing a 12 month moratorium period to freeze potential actions against the company, using the period to rationalise production).
- Creditors' Voluntary Liquidation (closing down the business and offering the directors and others to bid for one or more of the divisions).

I produced an estimated outcome for each scenario, breaking them down into applying the insolvency intervention to one, two or three of the company's manufacturing sites. I also included a fourth scenario which involved closing all three sites and moving the business to a new site in Estonia (an option that had been discussed and modelled by the board of directors over the past six months, but not costed out).

I then produced a cash flow forecast for each of the two 'non-final' options (Company Voluntary Arrangement and Administration) to estimate the amount of money moving in and out of the business and a discounted cash flow analysis to find the true value of expected future cash flow using a discounted rate.

3.1 Using your recent work experience, describe how you have used professional judgment in choosing between options

Determining the best option for an insolvent company which demonstrated the potential to grow in the next three years

September 2015

I was an Insolvency Practitioner leading a team appointed by a consortium of lenders to assess the feasibility of a company A operating in the car sales and servicing sector. The franchisor of a major German manufacturer withdrew the sales licence from the company at the end of 2014 and it switched to an Asian brand that was struggling to find a foothold in the European market. This involved assessing the advantages and disadvantages of formal and informal restructuring and insolvency solutions.

The options considered were:

- 1. Administration:** this would have created a moratorium, ceasing all actions against company A for a period of up to 12 months. The directors would be suspended and an Insolvency Practitioner would take on their business management role. The advantage of this option is that creditors and others cannot take precipitative action against the company for a stated period. The major disadvantage is that it can be a slow process, during which control is taken from directors and it can impact upon the reputation of the business
- 2. Company Voluntary Arrangement:** this would involve a contractual agreement between company A and its creditors for the latter to accept a percentage payment of their debt over a specified period. The main disadvantage is that this process requires the agreement of 75% or more of the company's creditors. This would be hard to achieve as company A's major creditors were HMRC and its landlord, who I considered would be unlikely to cooperate. The principal advantage is that the directors of company A would buy time to turn the company round and the debt to creditors is reduced
- 3. Refinancing the business via a debt-equity swap:** This would involve convincing the bank that company A has a future in which it will return to profitability. The advantage of this is that, if the financing is achieved, the company could continue, potentially with more serviceable financing arrangements. The disadvantage is that banks tend to be reluctant to lend to insolvent companies with poor trading records
- 4. Winding-up the company:** This would end the company and focus upon maximising the realisations to creditors. The advantage of this is that the debts will not increase further and an Insolvency Practitioner would manage the run-down of the business. The disadvantage is that unsecured creditors receive very little in a winding-up and employees will lose their jobs

My advice was that the company should enter a Company Voluntary Arrangement. This was based upon the fact that the main creditors were car dealers and the main franchisor. Both of who were eager to support the brand in the United Kingdom and appeared open to the possibility of an agreement with the company. There were signs of improvement in car sales on a quarterly basis and the franchisor agreed to finance a marketing drive over the period of 12 months. On this basis the directors appeared to be in the best position to run the company with reduced debt over a period of non-aggression by the creditors.

3.2 Using your recent work experience, demonstrate how you have used professional judgment to prioritise issues

Managing a trading administration with competing priorities

July 2017

I was appointed as officeholder on a large trading administration in July 2017. The company owned three nightclubs in the north of England, one of which was profit-making and the other two were proving to be a drain on financial and other resources.

The beginning of the case coincided with the paternity leave of a key member of my team, one with particular expertise in the restaurant and leisure sector. In the first two weeks of the matter a number of challenges arose which competed with each other in terms of time spent. The issues were as follows:

1. There were **notifications** that we were statutorily obliged to file in the first 14 days of the Administration, one of which required a report to be attached which would take three days to draft and finalise
2. The **nightclub** in Doncaster was scheduled to hold a live performance of a notable local band, for which I would need to obtain health and safety and licensing checks had to be completed prior to the event
3. The **directors of the company requested a meeting** at which they wanted to make a bid to buy the profit-making club from the company. They insisted on the meeting being in the first 14 days of the commencement of the Administration to ward off competing outside interest in the club
4. The **employees** threatened to strike over the uncertainty of their positions
5. A **company in Sheffield**, where one of the less successful clubs was situated, contacted me on the first day of the case and requested a meeting at which they wanted to make an offer for the Sheffield-based club.

I need to carefully prioritise the above issues as the resource constraints meant that I could not deal with them all in the first few days of my appointment.

- I immediately made the decision to cancel the live **nightclub** event in Doncaster. This was because I concluded that time-consuming logistics and effort involved outweighed the potential benefits from holding it.
- The second issue that I decided to deal with was the **notifications**. This was so as to ensure compliance with legal duties. I led my team in focusing upon the matters for which we were responsible under statute. The legal notifications ensured the report to the Registrar was both accurate and timely.
- The next issue I dealt with was to hold a meeting with the disgruntled **employees**. The meeting was held on Day 2 of the case. I prioritised this as I recognised that I would need cooperation from the employees in order to carry out my duties efficiently. I explained the processes and objectives of an administration and electing employee representatives with whom a senior member of my team would meet on a weekly basis to give updates.
- The next issue I dealt with was to contact both the **directors** and the **Sheffield-based company by letter**. My letter requested that both parties draft formal offers for the respective properties and diarised meetings with them for a time when my colleague absent on paternity leave could be present. It made sense to deal with this last, as it was evident to me that this task needed a considered response from me that would take a little time to prepare. In addition, dealing with these interests would

take a couple of weeks. Therefore, it was not as urgent as the other issues. I also allocated two members of the team were allocated to keep both parties informed as they gathered essential financial information about the company relating to value and relative performance.

4.1 Using your recent work experience, describe two situations where you have used your technical knowledge and/or practical experience to develop advice

July 2017

In 2017 I worked with the directors and creditors of A Ltd., a retail business with a national profile that was balance sheet insolvent and under pressure from HMRC and other creditors to repay long-term debt.

Having considered the essential books and records of the company and interviewed A Ltd's Financial Director and her immediate team I advised the board that a formal insolvency process was necessary to avoid a winding-up of the company at the instance of a creditor or creditors which would not have been in the best interests of the principal stakeholders. Close analysis of both the company's market position and key assets, including identification of its unique selling propositions, enabled me to conclude that a rationalisation of the business's leased property portfolio, together with the closure of non-profit making outlets, offered the best opportunity for future trade.

The directors had previously approached the company's bankers for additional lending, but their application was rebuffed because the accounts did not offer sufficient optimism in their sector. I approached the bank for information about the company and, at that time, was told that restructuring of the debt was not an option. The bank stated that they needed to see evidence of two years' growth before this would be considered within their lending criteria in this sector.

I have been an Insolvency Practitioner for 15 years and have specialised in corporate insolvencies, and specifically in Company Voluntary Arrangements, which was my recommended solution in this case, due to the lack of refinancing options and the terminal matter of a winding-up. In this situation it is essential to get the landlord's agreement to 'take a haircut' on some or all of the leases held by the company. In my experience there is an initial reluctance to do so, but landlords can be persuaded to give their consent to the Arrangement as with the alternative, a winding-up of the company, they will receive very little or even no return and be left with unlet property.

In my experience HMRC can be persuaded to agree to vote in favour of the Company Voluntary Arrangement, as they will otherwise be an unsecured creditor with less chance to recover amounts owing to them. Prior to advising the directors to write a proposal for the Arrangement I set up a meeting with the relevant department of the Inland Revenue and put the case for it before them. After a month of considering the options HMRC agreed to support the proposal.

4.2 Using your recent work experience, describe two situations where you have used your technical knowledge and/or practical experience to develop advice

May 2018

I was approached by the directors of B Ltd with whom I had previously worked to set up a series of secured loans both at the outset of the business and six years ago when it suffered similar financial issues to the one it was encountering in May 2018. B Ltd had received some 'red flag cautions' from its main lender which effectively gave them a six month deadline before action would be taken to call in the loans and, effectively, close down the business.

My initial role was one of 'advisory member', and I was later nominated by the directors to fill the position of Supervisor of a Corporate Voluntary Arrangement.

I analysed the management accounts of B Ltd from 2014 to 2017 and from this drew up a cost benefit analysis and a cash-flow forecast of continuing to run the company, a business dealing with the excavation and transportation to market of large-volume, low-value minerals from quarries in Derbyshire and Staffordshire.

Having identified the market in which the company was operating and established the presence of both local and foreign competitors I set up a working group of three directors, two main creditors and an external consultant with specific expertise in the sector. I chaired three meetings, one per week in a period of intense analysis, at which every aspect of the business, including its current market and ability to extend into new mineral extraction, was dissected and discussed. I interviewed each of the major creditors to assess their position relating to a percentage decrease in the debt owed to them and whether they would be prepared to support the agreement, in return for the continuation of the company on a profitable basis. I offered my experience as a professional who has worked in this field for almost two decades and who has proposed arrangements which have, ultimately, returned businesses to profitability, positions from which their creditors got paid a large slice of what they had been owed.

Having compiled the necessary data and compared it with similar businesses with which I and my team have worked over the past 15 years I called a meeting of the board of directors at which to present my advice. One of the major selling points of the solution I offered is that the directors would retain their management role and would play a major role in the recovery of the business, but without the constant input of creditors calling for their debts to be paid.

Both the directors (who were also the owners of the company) and creditors accepted my advice and the company entered into a Voluntary Arrangement.

5 Using your recent experience, demonstrate how you dealt with an ethical issue

Considering whether a case could be taken on by the team if advice had previously been given to one of the company's directors

January 2019

In January 2019 I was approached by a bank to be the Liquidator of GH Ltd, a pharmaceutical supplies company that had breached the terms of a debenture securing a loan. I am on the panel of the bank and it is normal practice to be offered jobs in this way. I also have particular expertise in dealing with the restructuring and winding-up of companies within the pharmaceutical sector.

In March 2016 I had offered advice to the Managing Director of GH Ltd who fought and won an action against her for disqualification under the Company Directors Disqualification Act, 1996. At the time I was commissioned and paid by the company and, after consideration of all the evidence, gave advice to the director which led to her successfully defending the action.

It is a breach of the Code of Conduct not to apply the fundamental principle of objectivity and independence and it is stated that an Insolvency Practitioner cannot act if there is a significant professional or personal relationship with the 'person' (the company) or any of its connected parties (including the directors). In this case the Managing Director was clearly connected with GH Ltd.

Having sought the advice of a senior member of my firm and consulted the Code of Conduct and the most recent case law on the issue I made the decision that there was no conflict of interest in this case, as the advice offered to the Managing Director did not involve the solvency of the company and was not financial in nature. I concluded that I could be both objective and independent in taking on the Liquidation of GH Ltd. The acceptance of the case was, therefore, not a threat to the fundamental principles of the Code of Conduct. However, I had arrived at this conclusion by a thorough consideration of the specific facts of the case, and by applying the principles of the Code of Conduct in a fair and transparent way.

PART 2: SUMMARY OF EMPLOYMENT

Date (12 month sections)	Description of role	What I did during this period (Projects/tasks/assignments)	Referred to in answer to question number
01 Jan 2015 to 31 Dec 2015	Associate Director, A Insolvency & Restructuring	<ul style="list-style-type: none"> • Working with a panel bank to assess the viability of a corporate client to consider the advantages and disadvantages of the options available • Setting out the options to the client • Advising the client on the best and most effective option and the steps to take to effect it 	3.1
01 Jan 2016 to 31 Dec 2016	Associate Director, A Insolvency & Restructuring	<ul style="list-style-type: none"> • Advising the board of directors of a company experiencing serious financial challenges • Investigating the financial position and examining the principal matters arising from the books, records and papers of the company • Carrying out a detailed review of the options available to the directors and setting out the impact each could have on the members and stakeholders of the company 	2.1
01 Jan 2017 to 31 Dec 2017	Partner, A Insolvency & Restructuring	<ul style="list-style-type: none"> • Advising a corporate client in insolvency • Setting out the issues and challenges to the board of directors • Investigating a claim by a creditor of the company for retention of title over goods supplied to the company • Meeting with the former Operations Director and Stock Manager to assess the claim and possible responses • Preparing and delivering a report on the issue, setting out my conclusions that the claim was not sustainable • Supervising a team, managing their workload and setting targets and objectives for each team member • Together with members of the team developing a system whereby the caseload of the team could be prioritised and managed • Contributing to weekly team meetings to ensure priorities were met and the 'urgent' was distinguished from the 'important' • Redistributing workload and supporting each team member to ensure peerless client service was maintained at all times 	1.2 & 3.2

01 Jan 2017 to 31 Dec 2017	Partner, A Insolvency & Restructuring	<ul style="list-style-type: none"> • Advising the directors and creditors of a retail business with a national profile that was experiencing financial difficulties relating to pressure from creditors • Carrying out a detailed review of the company's financial position and analysing its property portfolio and debt position • Suggesting options for the rationalisation of the company's property profile to reduce overheads • Advising the directors of the best option and explaining the consequences and benefits of choosing it 	4.1
01 Jan 2018 to 31 Dec 2018	Partner, A Insolvency & Restructuring	<ul style="list-style-type: none"> • Analysing the feasibility of a vehicle parts manufacturer suffering from financial difficulties • Leading a team in the investigation of the company's books and records • Devising a series of forecasts and financial statements to support the view that the company's present position as untenable • Supporting the financial information in subsequent meetings and explanations to the company's directors • Working with the board of directors of a company in financial distress to identify the issues and challenges of the business • Identifying the nature of the problems of the business • Investigating a number of issues arising from my initial assessment • Working closely with the company's management team to identify the principal problems • Suggesting the orderly winding-up of the company 	1.1 & 2.2
01 Jan 2018 to 31 Dec 2018	Partner, A Insolvency & Restructuring	<ul style="list-style-type: none"> • Working with the board of directors of a mining company to assess issues with its main lender • Analysing financial records and statements, summarising the financial position and identifying the main challenges • Interviewing the principal creditors to assess their position and identify the level of ongoing support they were prepared to give 	4.2

		<ul style="list-style-type: none"> • Advising the board of directors as to their options, and the advantages and disadvantages of each 	
01 Jan 2019 to 31 Dec 2019	Partner, A Insolvency & Restructuring	<ul style="list-style-type: none"> • Making an assessment on whether a previous advisory relationship with a director of a pharmaceutical company forestalled an ongoing relationship with her company • Considering the Code of Conduct and its fundamental principles • Seeking the advice of senior members of my firm on this issue • Deciding that I could be both objective and unconflicted in taking on the case 	5