

Administration may save core element of business

BUSINESS MATTERS

Administration is the fastest way to protect a business, advises **Lisa Thomas**, an insolvency practitioner at Plymouth-based Neville & Co



There is a saying that only the businesses that fail to plan are the ones that plan to fail. Of course no one goes into business with the aim of failing but it happens and businesses have good times and bad times and these are often because of nothing they have done wrong but external events.

If a business hits tough times it is not always right that it should just close and stop trading. If there is a core business that could be profitable if it was not for the large arrears of debts that have built up or if the business can be reduced in size to make it profitable, then it is right that if possible it should be saved.

Businesses that are in financial trouble that can be saved or might be able to be saved given time often go into Administration. A typical recent example is HMV which went into administration in January this year so it was protected whilst it slimmed down its branches (closing the loss-making ones) until it was sold in April this year to a new owner.

What actually happens?

Administration can be very fast. Usually after meeting a licensed insolvency practitioner like us a solicitor is instructed to apply for an administration order at court. In the meantime a moratorium is created which protects the business instantly.

Administration gives a business up to eight weeks to come up with a plan to present to creditors (its suppliers, the bank, HM Revenue and Customs and anyone else owed money). By the time it presents that plan to creditors the business may have in fact already been sold to a new owner, the existing management or just carried on.

In that period the company will be run by the administrator who is a licensed

insolvency practitioner.

The administrator does all sorts of things in those first few weeks, including talking to all the employees and explaining what is happening, contacting suppliers on the terms for future deliveries of goods, liaising with landlords, negotiating with possible buyers of the business and registering the claims of creditors owed money.

If trading is to be carried on the administrator will usually fund it and make sure the business can continue to trade and pay suppliers and wages on time.

Pros and Cons

An administration is good for when you are under financial pressure and do not have a lot of time. Typically it is used to give you some breathing space whilst all the options are considered.

Administration might be a better option than liquidation as we as administrators have the power to trade a company giving us the ability to sell the business as a going concern or other options to hopefully maximise realisations for everyone.

If the best option is to sell the business then all of the company's employees will transfer across to the new owners. Although this is good news for the employees it is not always good news for the buyer as they will not be able to pick and choose who they take on. Sometimes this can deter a potential purchaser from buying the business or it might result in a reduced sales price.

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If you or someone you know has a company experiencing financial difficulties feel free to contact me for a free initial meeting on 01752 786800.



There's been a double celebration at Dartington Crystal this week, with two of its craftsmen notching up 35 years of service each. Master glass-blower Paul Adams and finishing room operative Paul Weeks began work at the Torrington factory on the same day in 1977 and have been valued team members ever since. Mr Weeks, left, and Mr Adams, right, are pictured receiving long service awards from managing director Neil Hughes

Four pubs are start of craft



Keltek Brewery's Stuart Heath (centre) with new landlords Phil and Linda Aubrey at the London Inn, in Summercourt

BY CATHERINE BARNES

A Redruth craft brewery has embarked upon an ambitious expansion plan, beginning with the acquisition of four Cornish village pubs.

The Keltek Cornish Brewery has invested more than £1.6 million to purchase the Coppice Inn at Lanner, the Robartes Arms in Illogan, the London Inn at Summercourt, and the Fox & Hounds in Scornier.

It also has "significant" renovations and developments planned for each pub and has already appointed tenants for each, creating around 20 jobs between them.

The brewery, established in 1997, is behind five hand-brewed ales: Keltek King, Magik, Beheaded, Even Keel and Lance.

Behind its funding and growth is another Cornish business, the Optoelectronic Manufacturing Corporation, behind which is entrepreneur

Stuart Heath. He says that Keltek's expansion strategy aims to re-establish local pubs at the heart of their communities.

He said: "I truly believe in a successful and prosperous future for well run and attractive pubs that are there to serve local people.

"I want to turn back the clock and, once again, give landlords the opportunity to be able to make a profitable living from running their local.

"One of the ways we intend to achieve this objective is to take a landlord-friendly approach to supplying the pubs and avoid the kind of profiteering that has recently been hitting the headlines.

"Although the pubs are tied to our brand, we'll be selling our real ales to our tied estate at a similar competitive price to those at which we sell to free houses and clubs.

"This will allow our landlords to be both very compet-

itive and make a sensible and reasonable profit on their beer sales."

Mr Heath said that 'beer swaps' with other craft breweries up country would also keep prices competitive, whilst offering a wider choice of ales in its pubs.

He added: "This is very

'I am passionate about supporting local traders'

Stuart Heath

much a cause which is close to my heart and I am passionate about supporting local traders who give back to their communities.

"I can't imagine a much emptier life without a local pub and many communities have been losing theirs.

"Pubs have always been a central part of my life.

Whenever I've needed anything from a plumbing job done to having my car fixed, in the past there's always been someone from the pub I knew and trusted."

Keltek has gone from strength to strength since Mr Heath established it as a 'hobby' business funded by Opto, on the Roseland Peninsula 16 years ago.

After winning an award for its very first brew, Kornish Nektar, it relocated to a larger plant in Lostwithiel in 1998.

A few years later and following several more national and international award wins for its cask beers, it upsized again to its current location.

In more recent years, around £1 million has been invested in plant and equipment – including state-of-the-art processing and bottling facilities. The plant is so self-contained that it even has capacity to print its own labels.

It currently employs three full-time staff, supported by

brewery's village local revival plans



up to six agency workers.

Mr Heath said that Opto had initially intended to focus on the brewery business's growth a few years ago, due to a fall-off in orders for its consumer fibre optic technology. His aim was to secure a future for employees that had been with the business since their teens, transferring their skills between the businesses if necessary.

The company had primarily manufactured circuits used as channel display screens within satellite TV decoders.

But just as Opto invested in the brewery plant, a new market opened up for its products within in the nuclear power industry.

This saw it need to quickly

scale up its electronics operations to fulfil a surge of new order that have massively increased its output and supply a demand that has continued to grow. With each order comes a wealth of unique requirements for the optical circuits it makes.

"All of a sudden, we didn't have the staff to transfer," said Mr Heath.

Supply leads have also included China's vast hydroelectric plant, the Three Gorges Dam, it has just quoted for a major contract in India and last year also supplied units for a new power station being built in Rio in anticipation of increased energy requirements for the 2016 Olympics.

Mr Heath said: "We've

always been financially very stable. I'm a great believer in buying things when you can afford them – at the end of the day, it's only a matter of time. Without shareholders or banks to answer to, we've been under no pressure to grow any faster than we have to."

Now, with the acquisition of its first four pubs, the focus is once again upon Keltek, which has just had a supply deal agreed with Asda.

It already supplies its bottled beers to Tesco, where it is stocked in around 100 West of England outlets and also to Sainsburys.

Its draft beers are supplied to around 40 local pubs, while its reach also extends further afield in beer 'swaps.' It sends

The Robartes Arms in Illogan is one of four pubs now tied to Keltek Brewery, which aims to put the local back into the heart of the community

casks to other micro-breweries which supply local free houses on their patch with Keltek as guests beers. Then by return, they refill the casks with their own beverages and send them back to Cornwall, in a transaction which only costs as much as the transportation involved.

Looking ahead, Mr Heath aims for Keltek to gradually and sustainably grow its portfolio to around 20 local pubs of its own within the next 10 years, predominantly west of Redruth.

"Not every pub has a future," he adds. "You can't apply this plan to every single one. Identifying the pub in and where the village needs its pub back, is key."

Westcountry logistics firm's award triumph

Logistics firm Evans Transport's Bideford hub has been named Depot of the Year at an awards ceremony held by UK and European industry network, Palletforce.

The facility is one of five depots operated by the Barnstaple-headquartered company, which employs around 160 staff in total.

Depot manager Mike Symons said: "We're absolutely overwhelmed, it is a great honour to receive the award. It's something we've always strived for and we will continue to do our best."

Evans Transport is one of more than 88 companies that make up the Palletforce network in the UK.

Gregory buys haulage company's business assets

North Tawton-based logistics firm Gregory Distribution Ltd has acquired the business, assets and goodwill of Oxfordshire haulage firm Interoute Transport Services Ltd, for an undisclosed sum.

The acquisition will see 27 employees who remained with Interoute when it entered administration in May, transfer to Gregory Distribution.

The Interoute business, based in Thame, includes a 120,000 sq ft warehouse. All its key customers have been retained as part of the transaction.

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Engineering firm secures £6million 10-year contract win

Barnstaple engineering firm J+S Ltd has won a 10-year £6 million support contract to maintain and repair Royal Navy sonar equipment.

The company has been awarded a five-year deal with an option for a further five-year extension, by Thales UK.

It will see the North Devon electronic and mechanical engineering company provide year-round support, spares and repairs to the Navy in the maintenance and repair of its sonar equipment.

J+S has a dedicated engineer based at Devonport, with works also carried out at its

Barnstaple base and a team on standby that can be deployed to locations around the world.

The joint project with Thales will provide repairs for 17 different systems across the Royal Navy fleet, including the Astute, Trafalgar and Vanguard classes of submarines as well as the Type 45 warships, Type 23 frigates and the Hunt and Sandown classes of mine hunting vessels.

J+S support services development manager Neil Herbert said: "This is a very important contract for us and illustrates J+S's unique capability to provide specialist technical

advice and support to the defence industry on an ongoing basis."

Mr Herbert described the Thales contract as one of two core elements of J+S's defence arm, which employs around 30 staff within it.

The company is also three years into a 10-year contract held directly from the MoD, which sees it responsible for the maintenance of 'miscellaneous' minor sonars.

J+S employs 135 people in total and has grown from a naval defence background established 50 years ago to provide engineering and pro-

'This is a very important contract for us'

Neil Herbert

duction services to the defence, oil and gas and offshore renewable energy sector.

Through its diversification into the marine renewable energy market place, it has developed high voltage subsea electrical and optical connection systems, trialled on the European Marine Energy Centre (EMEC) wave and tidal sites in the Orkneys.

Earlier this year, the company invested in a £600,000 revamp of its Barnstaple offices and reception area, after a £600,000 revamp, as part of an overall £1.4 million investment in the business.