



SCOPE OF SERVICES

# Corporate Restructuring and Recovery Services

Northern Ireland  
May 2022



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# Corporate Restructuring and Recovery Services

For use with the RICS Short Form of Consultant's Appointment for Designated Services

## Additional notes

- These Services should be completed by inserting a 'tick' in the box next to the Service to be provided. For further information please refer to the RICS Short Form of Consultant's Appointment for Designated Services explanatory notes.
- All other Services that are not ticked shall be deemed to be Additional Services under the terms of this Appointment.
- Any bespoke Additional Services agreed between the Client and the Consultant should be inserted in Section 6.
- A schedule of 'typical' meetings is included with these Services in Appendix A. Completion of this schedule is also recommended.
- Further information pertaining to these services can be obtained from the current edition of the RICS guidance note *Termination of contract, corporate recovery and insolvency*. However, it should be noted that this guidance note is most relevant to a surveyor who acts for a Client who has procured the services of a building contractor to construct a building or other building-related project.

## Corporate Restructuring and Recovery Service particulars

Named Company	
Subsidiary company to be included in the Service provision	
Subsidiary company to be included in the Service provision	
Subsidiary company to be included in the Service provision	
Named Company office to be included in the review	
Subsidiary office to be included in the review	
Subsidiary office to be included in the review	
Scope of Recovery Service	
Base Date	
Period of Named Company operation to be covered by Service provision	
Service deliverables required by date	

# Independent business review of a company

## 1 Pre-review stage

- 1.1 Provide an overview of the Named Company that is to be reviewed, including details on the nature and size of the company, its office locations, its contracts and the approximate number of ongoing contracts.
- 1.2 Research and record the details of the group and/or company structure for the Named Company, identifying so far as it is reasonably possible to do so, separate Group Companies or trading divisions, together with any cross company guarantees and inter-company debts.
- 1.3 Coordinate, prepare and issue a schedule of required information to the Named Company.
- 1.4 Prepare and discuss a draft report as to the above. Issue to the Client.

## 2 Review stage

- 2.1 Prepare a schedule of all active contracts relevant to the Named Company with the name of the Client, the Site/contract and any other relevant details.
- 2.2 Establish existence of and list development agreements, construction contracts/letters of intent, for **contracts awarded but not commenced**. Note contract type, contract sum, likely profit/loss margin, commencement date and completion date, and if any work in progress (WIP) value could be attributable to such contracts, such as design works and/or manufacturing.
- 2.3 Establish existence of and list development agreements, construction contracts/letters of intent, for **contracts in progress**. Note contract type, contract sum, likely profit/loss margin, commencement date and completion date, and if any WIP value could be attributable to such contracts, such as design works and/or manufacturing.
- 2.4 Establish existence of and list development agreements, construction contracts/letters of intent, for **completed contracts**. Note contract type, contract sum, likely profit/loss margin, commencement date and completion date, and if any WIP value could be attributable to such contracts, such as design works and/or manufacturing.
- 2.5 Prepare a detailed review for each contract/project in progress, recording the following:
  - form of contract – insolvency/termination clause
  - contract sum
  - Named Company's and/or employer's agent's anticipated final account figure
  - commencement date
  - completion date
  - likely completion date
  - liquidated and ascertained damages or similar that apply or are likely to apply
  - gross amount of previous payments
  - company's and employer's agent's gross valuation of work completed as at the commencement of the Services
  - Consultant's opinion as to potential under or over valuation, disputes, set off, contra charges and so on

- value and cost of contract works yet to be completed, considering creditor balances and potential ex-contractual commercial payments
  - review of potential breaches of contract or grounds for termination of employment by all the contractual parties
  - the existence of any joint venture agreements and/or framework agreements
  - the existence of, and documentation supporting, any changes, variations, etc.
  - calculation of outstanding debts (completed contracts) and
  - calculation of retentions.
- 2.6 Provide a security review of the Named Company that will include an estimate to realise figure for each identified contract.
  - 2.7 Where relevant for the security review of the Named Company, affirm that the security review is prepared to reflect the following scenarios:
    - 2.7.1 Where the Named Company continues to trade, calculate allowances for write offs based on guidance from the Named Company, the Client's financial advisers and any others that the Consultant considers relevant.
    - 2.7.2 Where the Named Company is subject to a forced sale, establish and report as to the best-case scenario for the sale.
    - 2.7.3 Where the Named Company is subject to a forced sale, establish and report as to the worst-case scenario for the sale.
  - 2.8 Assess the Named Company's quality processes and procedures and report to the Client.
  - 2.9 Ascertain and assess the Named Company's supply chain and future supplies and report to the Client.
  - 2.10 Assess the Named Company's quality of management in relation to the Consultant's area of expertise and report to the Client.
  - 2.11 Assess the Named Company's information storage, currency of records and the quality of the records held and report to the Client.
  - 2.12 Assess the management information of the Named Company that is made available and report to the Client.
  - 2.13 Assess the Named Company's debtor management/credit control procedures and report to the Client.
  - 2.14 Ascertain and provide a total of creditors and the amounts owed to creditors of the Named Company and report to the Client.
  - 2.15 Calculate the profitability of contracts undertaken by the Named Company and report to the Client on the following basis:
    - 2.15.1 At tender.
    - 2.15.2 Actual achieved.
  - 2.16 Verify the Named Company's overheads and report to the Client.
  - 2.17 Verify the Named Company's liquidity/cash at bank and report to the Client.
  - 2.18 Verify the Named Company's bad debts and project write-offs and report to the Client.
  - 2.19 Verify the Named Company's order book/pipeline, including an assessment of the Named Company's success rate for projects pursued and tenders submitted, and report to the Client.
  - 2.20 Verify the Named Company's cash flow, cash deposits and any bank liability with consideration to maximum income and minimum expenditure for the Client.
  - 2.21 Verify the existence of performance bonds and parent company guarantees including the ascertainment of release dates and report to the Client.

- 2.22 Outline any other issues to review.

### 3 Additional Services providing an independent business review of a Named Company for an asset based lender

- 3.1 Verify the Named Company's asset profiles and valuations – plant and machinery (encumbered/unencumbered), property, contract/aged debtors ledger and obsolete/slow moving stock.
- 3.2 Review the Named Company's lease/hire purchase contracts.
- 3.3 Prepare a detailed fixed assets register for the Named Company, together with current valuations of the Named Company's assets.
- 3.4 Ascertain what securitisation is required, what securitisation is available and what securitisation is in place on all Named Company's projects/contracts. Review any bonds/guarantees that are in place against any projects/contracts. Check description of Named Company's assets under security matches those actually there (e.g. assets marked as 'fixed' are indeed fixed assets). Consider recommending a plant and machinery/chattel agent.
- 3.5 Appraise and report on the contractual nature of the Named Company's debt, conducting a detailed contract review highlighting insolvency clauses, assignment restrictions, termination procedures, payment mechanisms, etc.
- 3.6 Analyse the Named Company's current certification rate of applications and assess if any applications are being diluted, i.e. underpaid and the reasons for any such dilution, such as over-certification, contractual issues, poor credit control, etc.
- 3.7 Advise and report on the Named Company's debt administration process to understand the creation of debt and the potential issues for non-collection. Review debtor concentration levels and assess any historic movement in concentration levels given current forecasts.
- 3.8 Review the Named Company's monthly processes for preparing applications and valuations.
- 3.9 Investigate and report on other directorships held by directors of the Named Company.
- 3.10 Investigate and report on any Named Company's associated companies identified by the Consultant.
- 3.11 Review the Named Company's accounts, both current and historic, with particular reference to the balance sheet and cashflow. Review key financial ratios pertaining to gearing and working capital.
- 3.12 Prepare an exit strategy for the Client with estimation of amounts recoverable on Named Company's completed and current contracts. If a prior process has been agreed, obtain a detailed explanation of any causes of failure and detail any proposals for paying outstanding Named Company's creditors with supporting evidence for assumptions.
- 3.13 Review any Named Company's loss/expense claims or contract disputes.
- 3.14 Identify Named Company's bad debts and assess any bad debt provision noting any credit insurance options.
- 3.15 Assess the Named Company's current insurance policy cover and indemnity levels as to whether they are appropriate for the type of business and its operations. If any cover is missing, recommend appropriate cover. Review any insurance related claims made by or against the Named Company within the last 5 years.



- 3.16 Prepare a forecast profit and loss account and balance sheet for the Named Company.
- 3.17 Describe the current Named Company's business model and any proposed changes.
- 3.18 Review Named Company Project budgets and contract forecasts. Assess contracts out to tender and likely win/ conversion rate.
- 3.19 Prepare a strengths, weaknesses, opportunities, threats analysis of the Named Company's business operations.
- 3.20 Prepare a competitor analysis and benchmarking report for the Named Company.
- 3.21 Prepare a list of major suppliers to the Named Company, with supplier base details, identifying top 10 suppliers.
- 3.22 Obtain the Named Company's creditor ledger and advise on profile. Identify any Crown arrears exposure and if there is a HMRC Time to Pay scheme in-situ.

#### 4 Additional Services assisting an insolvency practitioner (IP) with an insolvency of a Named Company

- 4.1 Provide general assistance to the insolvency practitioner's (IP) other professional advisers in relation to the insolvency of the Named Company.
- 4.2 Identify staff working for the Named Company.
- 4.3 Identify and secure or centralise the paper records of the Named Company.
- 4.4 Identify and secure or centralise the computer and/or internet-based records of the Named Company.
- 4.5 Attend construction sites, factories or similar for the purposes of valuation and assessment of work in progress for the Named Company.
- 4.6 Detail what is owed by the Named Company to the bank or other primary funder, the existence of any personal guarantees from the Named Company's directors and/or cross guarantees between Group Companies.
- 4.7 Locate any Named Company orders or contracts book to ensure correct identification of all ongoing contracts and to ensure that no contracts remain undisclosed.
- 4.8 Obtain updated Named Company debtors' and retentions' ledgers that confirm the true extent of debts and retentions at the date of Appointment.
- 4.9 Identify and value all of the Named Company's contracts in accordance with the process detailed above. Prioritise contracts in progress that have yet to achieve Practical Completion or similar. Establish accurate and correct contract title, particularly in a Group Company scenario.
- 4.10 Convert the work in progress calculations for Named Company contracts into applications for payment from Named Company clients or final accounts that will be sent to Named Company clients so there is a detailed and definitive debt for each contract by:
  - 4.10.1 Managing the retained staff of the Named Company who assess and compile the necessary information.
  - 4.10.2 Assessing and compiling the information required without the assistance of the Named Company's retained staff.
- 4.11 Identify and take steps to recover significant debts for the Named Company.
- 4.12 Make immediate arrangements for any materials or items of value to be securely stored at the Named Company's premises and/or sold.

- 4.13 Assess and advise on the potential for any post insolvency trading by the IP, the possibility for any business and/or contractual asset sale, any contracts that should be abandoned and the potential for an immediate cessation of trading and closure of the Named Company.
- 4.14 Consider the existence of any performance bonds provided by the Named Company and liaise with any professional who might be acting for the performance bond sureties.
- 4.15 Consider cost and value implications of progressing or completing individual contracts of the Named Company and submit a report detailing conclusions.
- 4.16 Assist with the on-going trading of the Named Company while a potential purchaser is located.
- 4.17 Research and advise on potential purchasers of the Named Company.
- 4.18 Assist with the sale of the Named Company by:
  - 4.18.1 Preparing a valuation of the Named Company's contracts and its future order book and goodwill.
  - 4.18.2 Preparing appropriately detailed contract information packs for any interested parties.
  - 4.18.3 Preparing or assisting with the preparation of confidentiality and non-disclosure agreements (NDAs).
  - 4.18.4 Meeting and liaising with potential purchasers. Obtaining and assessing bids for the Named Company and/or its assets.
- 4.19 Advise the IP on the acceptability or otherwise of any such offers for the Named Company that might have been received.
- 4.20 Facilitate the novation of existing contracts to the party acquiring the Named Company.
- 4.21 Facilitate the sale of individual Named Company contracts by way of novation and advise on best options for maximising realisations from this process.
- 4.22 Prepare a detailed report that identifies every Named Company contract and lists the total debt due from each contract, as well as the likely to realise amounts, on a best and worst-case scenario, against each contract.
- 4.23 Identify the Named Company's relevant records for retention both in the Consultant's working files and for ongoing storage for potential future reference with recovering debts and retentions.
- 4.24 Recover the Named Company's contractual debts.
- 4.25 Provide updated interim reports at appropriate intervals to be agreed. The report should follow the same format as the initial report, but it will also provide details of any cash receipts, VAT that attracts a post insolvency liability, comments on current progress and will be further updated to show Named Company contract positions on both a best and worst-case scenario.

## 5 Additional Services assisting a Surety who has provided a performance bond to an Insolvent Named Company

- 5.1 Review performance bond wording and advise the Surety of relevant matters.
- 5.2 Liaise with principal debtor and/or IP.
- 5.3 Obtain particulars of any security held by the Named Company in terms of cash deposits and inter-company guarantees. Issue claims notices as required under inter-company guarantees.
- 5.4 Advise the beneficiary of the performance bond of the manner in which the claim may be presented.

- 5.5 Advise the beneficiary of any issues that may result in liability being denied under the performance bond.
- 5.6 Request further and better particulars of claim if required. Discuss with beneficiary to resolve issues.
- 5.7 Advise beneficiary of potential procurement routes that would enable it to comply with the performance bond obligation to mitigate loss.
- 5.8 Ascertain and consider unpaid payment certificates for the relevant Named Company contract and the work in progress.
- 5.9 Confirm scope of performance bond claim headings such as security of the Site, retention of materials, emergency works, etc.
- 5.10 Issue report to Surety on preliminary investigations and findings and potential liability under the performance bond.
- 5.11 Review Named Company contract particulars and report to the Surety.
- 5.12 Review Named Company claim particulars and update the Surety.
- 5.13 Consider scope of completion works and report to the Surety.
- 5.14 Issue recommendation report to the Surety.
- 5.15 Investigate and assist with any recovery options available to the Surety.

## 6 Bespoke Additional Services

- 6.1 Enter or attach bespoke Additional Services agreed with the Client.

# Appendix A: Schedule of meetings to be attended by the Consultant

## 1 Client meetings

Attendance: Partner  Director  Associate  Project surveyor   
 Other  (please specify) \_\_\_\_\_

Frequency: Daily  Weekly  Monthly  Quarterly   
 No attendance required  Other

Please specify requirements: \_\_\_\_\_

## 2 Design team meetings

Attendance: Partner  Director  Associate  Project surveyor   
 Other  (please specify) \_\_\_\_\_

Frequency: Daily  Weekly  Monthly  Quarterly   
 No attendance required  Other

Please specify requirements: \_\_\_\_\_

## 3 Project team meetings

Attendance: Partner  Director  Associate  Project surveyor   
 Other  (please specify) \_\_\_\_\_

Frequency: Daily  Weekly  Monthly  Quarterly   
 No attendance required  Other

Please specify requirements: \_\_\_\_\_

#### 4 Site meetings

Attendance: Partner  Director  Associate  Project surveyor   
 Other  (please specify) \_\_\_\_\_

Frequency: Daily  Weekly  Monthly  Quarterly   
 No attendance required  Other

Please specify requirements: \_\_\_\_\_

#### 5 (Other) meetings

Attendance: Partner  Director  Associate  Project surveyor   
 Other  (please specify) \_\_\_\_\_

Frequency: Daily  Weekly  Monthly  Quarterly   
 No attendance required  Other

Please specify requirements: \_\_\_\_\_

# Appendix B: Glossary of terms

<b>Base Date</b>	The date at which the provision of Services is deemed to have commenced.
<b>Group Companies</b>	A collection of companies linked and related by common ownership including the holding company and all of the subsidiaries.
<b>Named Company</b>	The company identified in the Corporate Restructuring and Recovery Service particulars.
<b>Site</b>	The site on which the Project is being undertaken.
<b>Surety</b>	A person, partnership or company that promises to assume the debt obligation for the Client should the Client default.

## Delivering confidence

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