

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company The TEG Group Plc	Company number 03109613
In the High Court of Justice, Leeds District Registry, Chancery Division	Court case number 1321 of 2014

We

Daniel James Mark Smith

Deloitte LLP

PO Box 500 2 Hardman

Street Manchester M60 2AT

William Kenneth Dawson

Deloitte LLP

PO Box 500 2 Hardman


Street Manchester M60 2AT

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

30 January 2015

Signed


Joint Administrator

Dated

30/1/2015

Contact Details.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to researchers of the public record

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When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

**The TEG Group Plc
- In Administration ("the Company")**

Court Case No. 1321 of 2014

**JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED)
FOR THE PERIOD TO 23 JANUARY 2015**

30 January 2015

**Daniel James Mark Smith and William Kenneth Dawson
Joint Administrators of the Company - In Administration
Deloitte LLP
PO Box 500
2 Hardman Street
Manchester
M60 2AT**

Daniel James Mark Smith and William Kenneth Dawson were appointed Joint Administrators of The TEG Group Plc on 19 December 2014. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

Disclaimer Notice

- This Statement of Proposals ("Proposal" or "Proposals") has been prepared by Daniel James Mark Smith and William Kenneth Dawson, the Joint Administrators of The TEG Group Plc solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) to lay before creditors a statement of their proposals for achieving the purpose of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This Proposal has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company listed above.
- Any estimated outcomes for creditors included in this Proposal are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on this Proposal for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the Administrators do not assume any responsibility and will not accept any liability in respect of this Proposal.
- The Joint Administrators act as agents for The TEG Group Plc and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this Proposal or the conduct of the Administration.
- All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

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ABBREVIATIONS AND GLOSSARY OF TERMS

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"the Administrators"	The Joint Administrators, Daniel James Mark Smith and William Kenneth Dawson of Deloitte LLP
"Deloitte"	Deloitte LLP
"AIM"	Alternative Investment Market
"the Bank" / "BoS"	Bank of Scotland plc
"c"	Circa
"CID Facility"	Confidential Invoice Discounting Facility
"the Company"	The TEG Group Plc (in Administration)
"the Court"	High Court of Justice, Chancery Division, Leeds District Registry (case number 1321 of 2014)
"EOS"	Estimated Outcome Statement
"the Group"	TEG Group comprising The TEG Group Plc, TEG Environmental Ltd, Simpro Ltd and TEG Energy Ltd together with the Joint Venture interests in TEG Biogas (Perth) Ltd and TEG Biogas (London) Ltd
"LBCF"	Lloyds Bank Commercial Finance
"TEG Group"	The TEG Group Plc
"TEG Environmental"	TEG Environmental Ltd
"TEG Energy"	TEG Energy Ltd
"Veolia"	Veolia ES (UK) Ltd
"EBIT"	Earnings before interest and tax
Secured Creditor	<p>A secured creditor has fixed and/or floating charge debenture security across part/all of the Company and as such is entitled to be paid out of the net realisations in priority to other creditors</p> <p>However, where the security is by way of a floating charge, this priority is subject to payment of preferential creditors in full, and, should any funds still remain, a reserve for distribution to unsecured creditors (subject to a maximum fund of £600,000) must be set aside under the PP provisions before any return out of net realisations to a secured creditor under the floating charge</p>
Floating Charge Realisations	Monies realised from sale/disposal of assets pledged to a secured creditor under a debenture secured by a floating charge
Preferential Creditor	A preferential creditor has a right to be paid in priority to unsecured creditors out of net floating charge realisations, before the PP and before payment to the secured floating charge holder. Such creditors are generally employees in relation to specific wage arrears, holiday pay and certain pension contributions
"pp"	This is a fund for unsecured creditors, to be set aside out of a Company's net property, known as the Prescribed Part of the Company's net property, and as provided for under Section 176A of the Insolvency Act 1986 (as amended)
Net Property	Net property is the amount remaining from net floating charge realisations after payment of preferential claims but before any

	distribution to the secured floating charge holder
Calculation of the PP	The amount of the fund set aside for unsecured creditors is calculated as 50% of net property up to £10,000, plus, 20% of net property thereafter up to a maximum fund of £600,000
Unsecured Creditor	An unsecured creditor ranks behind secured and preferential creditors An unsecured creditor is able to participate in any PP distribution and in the distribution of any surplus funds after payment of expenses and prior claims (secured and preferential)
Purposes of an Administration	<p>The purpose of an Administration under The Enterprise Act 2002 is split into three parts</p> <ol style="list-style-type: none"> 1 To rescue a company as a going concern (in other words a restructuring which keeps the actual entity intact) 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation) 3 If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable
"SIP2 (E&W)"	Statement of Insolvency Practice 2 (England & Wales)
"SIP9 (E&W)"	Statement of Insolvency Practice 9 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)
"SIP16 (E&W)"	Statement of Insolvency Practice 16 (England & Wales)

1. INTRODUCTION AND EXECUTIVE SUMMARY

1.1. Introduction

This report is prepared pursuant to Paragraph 49 of Schedule B1 of the Act, which requires the Administrators to provide creditors with details of their proposals to achieve the purpose of the Administration

On 19 December 2014, Daniel James Mark Smith and William Kenneth Dawson were appointed Joint Administrators over The TEG Group Plc, TEG Environmental Limited and TEG Energy Limited. These companies are members of a corporate group including Simpro Limited, TEG Biogas (Perth) Limited and TEG Biogas (London) Limited, which are not subject to an Administration appointment

Immediately after the appointment, the Company sold the entire share capital of Simpro to Veolia ES (UK) Limited. In addition, TEG Environmental sold certain customer contracts currently fulfilled by Simpro to Veolia

In our letter to creditors dated 23 December 2014, (SIP 16 Letter, attached at Appendix 9 to this report) we set out the background to the Administration, the circumstances which led to the Administration, details of the transaction, the purpose of the Administration, how this will be achieved and various other pertinent matters

This report provides information on the Company and on a Group basis where it has been considered appropriate

1.2 Executive Summary

The information provided below is provided on the basis of information currently available and is subject to variation. We will keep you informed through the reporting process of any variances

Purpose of the Administration	Better Result for creditors as a whole than Liquidation
Initial Meeting	The Administrators have convened a creditors meeting by correspondence. Creditors are required to complete Form 2 25B (Appendix 7) and return it for the attention of Jordan Moore to Deloitte LLP, PO Box 500, 2 Hardman Street, Manchester, M60 2AT by no later than 12 noon on 13 February 2015. Please refer to paragraph 5.7 and Appendix 7 for further details
Trading	The Company is a holding company so did not trade
Timing	We anticipate the Administration will not exceed 12 months
Outcomes	On present information we anticipate that the Secured Creditors will be paid in full and there will be sufficient floating charge realisations to enable payment in full of preferential claims. At present, we do not envisage there being sufficient realisations to enable a distribution for unsecured creditors under the PP provisions or otherwise

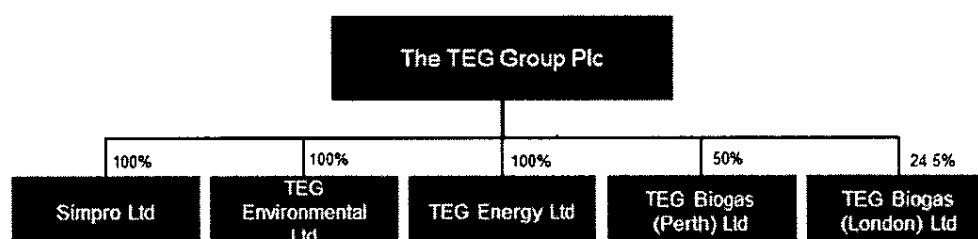
2 BACKGROUND

The business was established in 1995 and was part of a Group specialising in green technology offering organic waste solutions from 10 sites throughout the UK with the head office based in Chorley, Lancashire. The Group's sites use various processes including Anaerobic Digestion (AD), In-Vessel Composting (IVC) and Open Air Windrow (OAW).

The principal activity of the Company was to be a holding company for the trading companies in the Group.

The Company's shares were traded on the AIM until their suspension on 28 October 2014.

A summarised Group structure chart (at the date of our appointment) is set out below. Please note that this is not a full Group structure and excludes a number of dormant companies within the Group.



2.1. Overview of Financial Information

Extracts from the audited Company balance sheet for the 12 months to 31 December 2011, 12 months to 31 December 2012 and 12 months to 31 December 2013 are shown below. The profit and loss account was prepared on a Group consolidated basis and therefore we have not included it within this report.

Please note that this information has not been verified by the Administrators or by Deloitte.

Company Summary Balance Sheet

	Audited Statutory Accounts for year to 31 December 2013 £'000	Audited Statutory Accounts for year to 31 December 2012 £'000	Audited Statutory Accounts for year to 31 December 2011 £'000
Investments	7,718	7,718	7,718
Fixed assets	7,718	7,718	7,718
Current Assets			
Debtors – subsidiaries	14,659	14,995	13,120
Debtors – related parties	220	220	104
Debtors – other	54	29	31
Cash	78	32	545
	15,011	15,276	13,800
Liabilities			
Trade creditors	(91)	(43)	(27)
Taxation	(16)	(15)	(15)
Accruals/deferred income	(419)	(37)	(13)
Loan notes	(2,162)	-	-
Total Liabilities	(2,688)	(95)	(55)
Net Assets	20,041	22,899	21,463

Source Audited Accounts

The net asset position of the Company is stated prior to liabilities due to Bank of Scotland plc and Lloyds Bank Commercial Finance Ltd which are secured with fixed and floating charges over the Company's assets and subject to joint and several guarantees across all Group companies. At the date of appointment, these creditors were owed £1,157k and £308k respectively.

2.2. Management and Employees

As at 19 December 2014, the Company employed four people.

Statutory information on the Company, including details of the Directors and Company Secretary, Bankers & Shareholders is provided at Appendix 1.

3. THE CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF THE ADMINISTRATORS

3.1. Events prior to the Administration

We would refer you to our SIP 16 letter, attached at Appendix 9 to this report, for details of relevant events that took place prior to the Administration

3.2 Details of the Appointment of the Administrators

Daniel James Mark Smith and William Kenneth Dawson of Deloitte were appointed Administrators of the Company by the Directors on 19 December 2014, following the filing of a Notice of Appointment of Administrators by the Directors of the Company

The Court having conduct of the proceedings is the High Court of Justice, Chancery Division, Leeds District Registry (case number 1321 of 2014)

For the purposes of Paragraph 100(2) of Schedule B1 of the Act the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly or severally

3.3 Purpose of the Administration

The Company had significant secured and unsecured creditor liabilities and therefore a restructuring of these creditors would have been required to meet the first objective. It was apparent that there was insufficient value placed on the Company's assets by third parties in order to effect a restructuring of the Company's considerable debt and the Administrators concluded that the first option was not possible to achieve

Accordingly, the purpose of the Administration was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company. The purpose of the Administration has been achieved through a sale of the Company's shares in Simpro and certain customer contracts held in TEG Environmental but fulfilled by Simpro, as discussed in Section 4

3.4. Electronic communication with creditors

In an effort to reduce the costs of the Administration, all communications with creditors, including updates and progress reports, will be posted onto a website, which has been set up specifically for this purpose. The web address is www.deloitte.com/uk/tegggroup

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website until its closure 3 months from the administration being brought to a close

Please therefore ensure that you review the website regularly for updates and further notices and reports.

4. THE MANNER IN WHICH THE AFFAIRS OF THE COMPANY HAVE BEEN MANAGED AND FINANCED AND WILL CONTINUE TO BE MANAGED AND FINANCED IF THE ADMINISTRATORS' PROPOSALS ARE APPROVED

4.1 Introduction

Immediately following our appointment on 19 December 2014, the Company sold the entire share capital of Simpro to Veolia. In addition, TEG Environmental sold certain customer contracts currently fulfilled by Simpro to Veolia. Full details of the transaction and its rationale are set out in our SIP 16 Letter to all creditors dated 23 December 2014, a copy of which is attached at Appendix 7.

The Company continues to hold 100% shareholdings in TEG Environmental and TEG Energy together with Joint Venture investments in TEG Biogas (Perth) Limited (50% shareholding) and TEG Biogas (London) Limited (24.5% shareholding). The Company also contains intercompany receivables due from these companies. These assets have not been the subject of the pre-pack transaction and will be realised, where value remains, in the normal course of the Administration.

TEG Environmental has retained the business and assets relating to its operations at Todmorden, Hillbarton and Perth. These assets have not been the subject of the pre-pack transaction and will be realised in the normal course of the Administration.

4.2 Sale of the Business

As noted above, in order to maximise the value to all creditors, the Administrators sold the entire share capital of Simpro to Veolia immediately following our appointment on 19 December 2014. In addition, TEG Environmental sold certain customer contracts currently fulfilled by Simpro to Veolia.

As outlined in our SIP 16 Letter, the transaction took place on 19 December 2014. The purchaser is Veolia.

There is no connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates.

No directors, or former directors of the Group are involved in the management or ownership of the purchaser, or of any other entity into which any of the assets have been transferred.

The nature of the transaction was a sale by the Company of its shares in Simpro and the sale of customer contracts in TEG Environmental that were fulfilled by Simpro. The Company's remaining assets comprise its shareholdings in other subsidiaries and joint ventures, and also intercompany receivables due from these companies.

The consideration for the transaction was £2.25m for the Simpro shares and £0.35m for the TEG Environmental customer contracts. The full consideration was paid in cash on completion. The share consideration was paid to TEG Group and the contracts consideration was paid to TEG Environmental. The consideration all relates to fixed charge realisations which are compared to book value and valuations below.

	Consideration	Book Value	Valuation of Assets
Shares of Simpro	£2 25m	£0 78m	P&M £0 4m - £0 6m Trade and other receivables £0 33m
Contracts held in TEG Environmental	£0 35m	nil	n/a

The book value for the shares of Simpro is based on the net assets value at the time of the transaction. Independent professional valuations of the Simpro plant & machinery were undertaken by GVA Grimley Limited who are appropriately qualified to carry out such valuations and have confirmed their independence.

4.3. Post Appointment Strategy

Immediately following the appointment of the Administrators on 19 December 2014, members of the Administrators' staff attended the Group's head office in Chorley, Lancashire to advise employees of the Administrators' appointment. Staff were briefed with regards to the Administration and informed that a sale of the business and assets of Simpro and certain customer contracts held within TEG Environmental but currently fulfilled by Simpro had been completed to Veolia.

Simpro staff were informed that their employment had been transferred under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE") and referred to the relevant contact from Veolia.

The Administrators' staff are in the process of collating creditor claims and have handled creditor queries as they have arisen which include telephone calls and correspondence.

The Administrators' legal advisors advised in respect of all legal issues arising on the sale of business and assets and have been assisting the Administrators with post appointment matters.

Legal advice has been required in relation to the various properties and leases. Veolia was granted a licence to occupy various leasehold properties of the Group on completion of the sale of business and assets of Simpro whilst consent is obtained from the relevant landlords for the assignment of the leases. The Administrators have instructed their legal advisors to manage the assignment of leases (where applicable) and this process is ongoing.

The Administrators' staff will continue to liaise with Veolia to progress any unresolved issues or future matters that may arise.

5 DIRECTORS' STATEMENT OF AFFAIRS

5.1 Introduction

A Statement of Affairs has been submitted by the Directors of the Company, as at 19 December 2014, a copy of which is attached at Appendix 3

In accordance with the standard format of the Statement of Affairs form, no provision has been made in the Statement of Affairs for the costs of the administrations (including agents, legal and other professional fees)

5.2 Notes to the Directors' Statement of Affairs

Please note the following

- The estimated to realise values are based on the sale consideration received from the sale of Simpro outlined in our SIP 16 Letter to creditors, a copy of which is attached at Appendix 9,
- There is a cross guarantee in place between the Company and its subsidiaries. The Group's total secured debt at the date of appointment was £4,123k,
- The value of the Costain unsecured claim of £28m is disputed by the Directors, and
- No provision has been made in the Statement of Affairs for the costs of the Administration (including agents, legal and professional fees)

There were also a number of inter-company debts between the various Companies. The directors have assumed any inter-company balances are irrecoverable

5.3 Secured creditors

The Company's secured debt at the date of the appointment of the Administrators can be summarised as follows

	£'000
Term Loan Facility – BoS	1,157
CID Facility - LBCF	308
Loan Note Holders	2,658
TOTAL	4,123

The amounts in the table above differ slightly from the amounts stated in the Statement of Affairs at Appendix 3 as the amounts in the Statement of Affairs also include legal fees that were settled upon discharging the amounts due to BoS and LBCF

The term loan and loan notes were secured by joint and several cross guarantees across the other companies within the Group. Following the sale of the shares of Simpro on 19 December 2014, the term loan facility and CID facility were discharged in full, and c £1.1m was paid to the loan note holders.

On present estimates it is likely that the balance of c £1 6m due to the loan note holders will be paid in full from realisations in TEG Energy or TEG Environmental under the cross guarantee

5 4. Preferential Creditors

Preferential claims relating to the claims of the employees are scheduled at £16k On present information it is likely that preferential claims will be paid in full

5 5. The Prescribed Part

It is expected that the Secured Creditors will be paid in full and therefore the Prescribed Part will not apply

5 6 Unsecured Claims

The unsecured creditors' position as at 19 December 2014 per the Directors' Statements of Affairs (excluding any shortfall to floating charge holders) is summarised in the table below

	£'000
Trade Creditors	223
Employment and Social Security Costs	497
Accruals	206
Costain Claim (Disputed by the Directors)	28,000
TOTAL	28,926

After discharging the costs of the administration, at the present time we do not there will believe there will be sufficient realisations from floating charge assets to pay a dividend to the unsecured creditors of the Company however this is dependent on the level of realisations in TEG Energy and TEG Environmental and the level of any intercompany dividends due from these companies

5 7 Creditors' Meeting to Seek Approval to the Proposals and consider specific Resolutions regarding the Remuneration and costs of the Administrators

The Administrators have convened a meeting by correspondence for 16 February 2015 and notice of that meeting, on Form 2 25B, is attached at Appendix 7

Creditors are requested to print, complete, sign and return Form 2 25B (Appendix 7) to the address on the front of this report, to signify their approval or otherwise of the resolutions and Administrators' proposals The resolutions, in addition to the proposals attached, are as follows

- That the Joint Administrators' Proposals be accepted
- That the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Deloitte LLP at the time when the work is performed (plus VAT)

- That the Joint Administrators' disbursements for mileage be fixed by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administration, calculated at the prevailing standard mileage rate of up to 45p used by Deloitte LLP at the time when the mileage is incurred, and for a website fixed cost of £500 for the set up and maintenance of uploading statutory notifications to creditors to such website for the duration of the engagement, including that of any follow on engagement where appropriate, plus VAT where applicable
- That the Administrators be authorised to draw their pre-administration costs of £19,707 50 as an expense of the Administration
- In the absence of a Creditors' Committee, the creditors of the Company agree that the Administrators be discharged from liability per Paragraph 98 of Schedule B1 of the Act immediately upon filing their final report to creditors and vacating office

Optional resolution

Creditors have the option to form a creditors committee, although there is no requirement to do so. Should a creditor wish to nominate a representative as a member of the committee this can be done by completing the following resolution

- For the appointment of [a nominated individual] of [name of company] representing [name of creditor] as a member of the creditors committee

Should creditors of the Company, whose total debts amount to at least 10% of the total debts of the Company wish to request a meeting be held they should complete the attached Form 2 21B (Appendix 8) and return it to the Administrators no later than 11 February 2015

A deposit of £750 towards the costs of convening the meeting should be enclosed with the request per Rule 2 37(3) of the Rules

6 PRE-ADMINISTRATION COSTS

6.1. Introduction

A Statement of Pre-Administration costs is provided at Appendix 4

Pre-Administration costs are defined as the remuneration charged and expenses incurred by the Administrator (or other person qualified to act as such) before the company entered into Administration but with a view to its doing so

6.2. Approval of costs

Determination of whether and to what extent the unpaid Pre-Administration costs are approved for payment shall be by resolution of the meeting of creditors to be held by correspondence, or any creditors committee formed at that meeting, detailed at section 5 7 above

The following resolution regarding the basis of the Administrators' remuneration will be put to the general body of creditors at the meeting detailed in section 5 7 above or to the creditors' committee should one be formed

Resolution That the Administrators be authorised to draw their pre-administration costs of £19,707 50 as an expense of the Administration

7 ADMINISTRATORS' REMUNERATION AND EXPENSES

7.1. Introduction

In accordance with Rule 2 106(5) the following resolutions regarding the basis of the Administrators' remuneration will be put to the general body of creditors at the meeting held by correspondence detailed in Section 5 7 above or to the creditors' committee should one be formed

- | | |
|------------|--|
| Resolution | That the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration, calculated at the prevailing standard hourly charge out rates used by Deloitte LLP at the time when the work is performed (plus VAT) |
| Resolution | That the Joint Administrators' disbursements for mileage be fixed by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the administration, calculated at the prevailing standard mileage rate of up to 45p used by Deloitte LLP at the time when the mileage is incurred and for a website fixed cost of £500 for the set up and maintenance of uploading statutory notifications to creditors |

The Administrators' time costs incurred to 23 January 2015 total £30,676 50, which represents 78 hours at an average rate of £393 29 per hour, this time is charged in six minute increments These time costs are analysed at Appendix 5, where the work for each grade of staff has been categorised into the following task headings and sub categories

- **Administration and Planning** includes such tasks as case planning and set-up, appointment notification, statutory reporting, drafting the SIP 16 letter to creditors, compliance, cashienng, accounting and administrative functions
- **Trading** includes tasks such as planning, strategy, managing day one site visits and corresponding with suppliers and customers
- **Creditors** include such tasks as creditor set up, communication and meetings, corresponding with secured creditors, reviewing and obtaining advice in relation to security granted to the Bank Also, dealing with trade creditors, dealing with customer creditors, employee issues, and submitting documentation to HM Revenue & Customs

The range of charge out rates for the separate categories of staff is based on our 2014 national charge out rates as summarised below Please also note that the range of charge out rates is now provided separately for Assistant Directors and Assistant Managers, this information was previously provided under the category of Managers' rates

Group	
From 1 Sep 2016	
Partners/Directors	615 to 970
Assistant Directors	475 to 735
Managers	410 to 660
Assistant Managers	310 to 525
Assistants and Support Staff	50 to 310

The average charge out rates applicable to this case are provided within the SIP 9 time analysis at Appendix 5

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Deloitte Real Estate may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

"A Creditors' Guide to Administrators' Remuneration" is available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Administrators at the address on the front of this report and this will be provided to you at no cost.

7.2. Administrators' Disbursements

As no disbursements have been approved for payment at this stage, no information has been disclosed. This will be covered in the first progress report to creditors after approval has been sought.

7.3. Other Professional Costs

To advise on appropriate legal matters and to prepare required legal documentation including business sale agreements the Administrators instructed Walker Morris LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of Administrations.

To date their accrued costs have amounted to £2,665 50 (plus VAT) and they have estimated that their further fees will be in the region of £6,500 00 (plus VAT) in total in respect of the Company. Please note that the fee estimate is not fixed and only in relation to current known work streams and therefore may be subject to change.

In addition, GVA Grimley Limited, a firm of chattel agents, were instructed by the Administrators to undertake inventories and valuations of stock, plant and equipment, fixtures and fittings and other chattel assets where appropriate.

No professional costs have been approved for payment at this stage.

7.4. Creditors' right to request information

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2.47(1)(fa) and 2.48A of the Rules.

7.5 Creditors' right to challenge Remuneration and/or Expenses

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2.109(4) of the Rules), challenging the amount or the basis of remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within 8 weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2.109 of the Rules.

8. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

8.1 Directors' conduct

As part of their statutory duties, the Administrators will consider the conduct of the Directors and any person they consider a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills

As part of their investigations the Administrators will consider, among other matters, the following

- statutory compliance issues,
- misfeasance or breach of duty, and
- antecedent transactions (including transactions at an under value and preferences)

Creditors who wish to draw any matters to the attention of the Administrators should write to the Administrators at the address given on the front of this report

8.2 SIP13 (E&W) – Transactions with connected parties

In accordance with the guidance given in SIP13 (E&W), we confirm that there have been no transactions with connected parties during the period of this report or in the two years prior to our appointment that we are aware of

8.3. Exit Routes from Administration

In accordance with the provisions of the Act incorporated by the Enterprise Act 2002, all Administrations automatically come to an end after one year, unless an extension is granted by the Court or with consent of the creditors

There are several exit routes which are available to the Administrators such as,

- an application to Court,
- filing a notice in Court and with the Registrar of Companies confirming that the purpose of administration has been sufficiently achieved, or
- in the event that the Company has no property remaining to be realised the Administrators may notify the Registrar of Companies to that effect at which time the appointment of the Administrators ceases and three months following that date the company is deemed to be dissolved

In addition the Administrators could propose to place the Company into Creditors' Voluntary Liquidation, a Compulsory Liquidation or a Company Voluntary Arrangement. Reference will be made in the resolutions within this report as to the exit route most suitable to the circumstances of each administration

The exit route chosen in relation to the Company is likely to be pursuant to paragraph 84 of Schedule B1 of the Act, which will see the Administrators cease to act and the Company dissolved three months after

If there is a distribution to unsecured creditors (other than via the PP), the Administrators are discharged from liability in respect of any action of theirs as Administrators pursuant to Paragraph 98(1) of Schedule B1 of the Act upon registration of the notice given pursuant to Paragraph 84 of Schedule B1 of the Act. Where there will be no distribution to unsecured creditors, the Administrators will seek their discharge from the secured creditor

8.4 EU Regulations

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that Regulation

8.5 Third Party Assets

Should you believe that you own items that may have been present at the Company's former trading premises at the date of appointment please contact the Administrators as soon as possible

9 STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED)

The TEG Group Plc

Court Case No 1321 of 2014

In Administration ("the Company")

The Administrators' proposals are as follows

- 1 the Administrators continue to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses,
- 2 the Administrators continue with their enquiries into the conduct of the Directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company,
- 3 the Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against the Company unless the Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution,
- 4 the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application,
- 5 that, in the event the creditors of the Company so determine, at a meeting of creditors, a Creditors Committee be appointed in respect of the Company comprising of not more than five and not less than three creditors of the Company,
- 6 that the Creditors' Committee, if one is appointed, be asked to agree that the basis of the Administrators' remuneration to be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the administration, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT, and asked to agree the Administrators' expenses,
- 7 that, if a Creditors' Committee is not appointed at the initial meeting of creditors, that the creditors be asked at that meeting to agree that the basis of the Administrators' remuneration be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the administration, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT, and asked to agree the Administrators' expenses,
- 8 that, if a Creditors' Committee is not appointed at the initial meeting of creditors, that the creditors shall fix at that meeting, the Administrators' disbursements for mileage to be fixed by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising during the administrations, calculated at the prevailing standard mileage rate used by Deloitte at the time when mileage is incurred (presently up to 45p per mile), plus VAT where applicable and for a website fixed cost of £500 for the set up and maintenance of uploading statutory notifications to creditors to such website for the duration of the engagement, including that of any follow on engagement where appropriate), plus VAT where applicable,

- 9 that, if a Creditors' Committee is not appointed, the Administrators' Pre Administration Costs as detailed in Appendix 4 of the Administrators' Proposals be approved And that the Administrators be authorised to draw their Costs, plus VAT, from the Administration estate,
- 10 that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the administration This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Company or alternatively, seeking to put the Company into Creditors' Voluntary Liquidation ("CVL") or Compulsory Liquidation, depending on which option will result in a better realisation for creditors,
- 11 that, if the Company was to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4 174A of the Rules and that the basis of the Liquidators' remuneration be fixed by reference to the time properly given by the Liquidators' and their staff in attending to matters arising in the Liquidation, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2 117A(2)(b) of the Rules, the creditors may nominate a different person to be Liquidator provided the nomination is made before the proposals are approved by creditors For the purposes of Section 231 of the Act the Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally, and
- 12 in the absence of a Creditors' Committee, the creditors of the Company agree that the Administrators be discharged from liability per Paragraph 98 of Schedule B1 of the Act immediately upon the Administrators' filing their final report to creditors and vacating office

Yours faithfully

For and on behalf of The TEG Group Plc

Daniel James Mark Smith and William Kenneth Dawson
Administrators of the Company - In Administration
Deloitte LLP
PO Box 500
2 Hardman Street
Manchester
M60 2AT

Daniel James Mark Smith and William Kenneth Dawson were appointed Joint Administrators of The TEG Group Plc on 19 December 2014 The affairs, business and property of the Company are managed by the Joint Administrators The Joint Administrators act as agents of the Company and contract without personal liability

All licensed Insolvency Practitioners of Deloitte are licensed in the UK to act as Insolvency Practitioners

THE TEG GROUP PLC (IN ADMINISTRATION)

STATUTORY INFORMATION

Company Name	The TEG Group Plc
Previous Names	TEG Environmental Plc until 10 January 2007 Coincentral Plc until 6 November 1995
Proceedings	In Administration
Court	High Court of Justice, Chancery Division, Leeds District Registry
Court Reference	1321 of 2014
Date of Appointment	19 December 2014
Joint Administrators	Daniel James Mark Smith and William Kenneth Dawson Deloitte LLP PO Box 500 2 Hardman Street Manchester M60 2AT
Registered office Address	c/o Deloitte LLP PO Box 500 2 Hardman Street Manchester M60 2AT
Company Number	03109613
Incorporation Date	3 October 1995
Company Secretary	Mrs Tanja Willis
Bankers	Bank of Scotland Plc
Auditors	Grant Thornton UK LLP
Appointment by	The Directors of the Company
Directors at date of Appointment	Mr Douglas Benjafield Mr Michael Fishwick Mr Ian Hislop Mr Leo McKenna Mrs Tanja Willis
Directors' Shareholdings	Mr Douglas Benjafield (0.04%) Mr Michael Fishwick (0.16%) Mr Ian Hislop (0.18%) Mrs Tanja Willis (0.03%)

The TEG Group Plc (In Administration)				
Joint Administrators' Receipts and Payments account as at 23 January 2015				
	Statement of Affairs Estimated to Realise (£)	Fixed Charge (£)	Floating Charge (£)	Cumulative to date (£)
RECEIPTS				
Simpro Share Consideration	2,600,000 00	2,250,000 00	-	2,250,000 00
Bank Interest Gross	-	0 32	-	0 32
		<u>2,250,000 32</u>	<u>-</u>	<u>2,250,000 32</u>
PAYMENTS				
IT Costs		1,788 40	-	1,788 40
Incentive Payments		1,230 00	-	1,230 00
Machinery/Equipment Costs		385 67	-	385 67
LBCF		1,166,707 53	-	1,166,707 53
Bank Charges		15 20	-	15 20
Loan Note Holders		1,037,179 99	-	1,037,179 99
Professional Fees		3,766 70	-	3,766 70
VAT Receivable		1,434 15	-	1,434 15
		<u>2,212,507 64</u>	<u>-</u>	<u>2 212,507 64</u>
Balance		<u>37,492 68</u>	<u>-</u>	<u>37,492 68</u>
REPRESENTED BY				
Fixed Charge Account				37,492 68
Floating Charge Account				-
				<u>37,492 68</u>
Source Deloitte Analysis				

The TEG Group Plc - In Administration
Statement of Affairs

Rule 2.29

Form 2.1411

Statement of affairs

Name of Company
The TEG Group Plc

Company number
3109613

In the
High Court of Justice, Chancery Division, Leeds
District Registry

Court case number
1321 of 2014

Statement as to the affairs of The TEG Group Plc at Westmarch House, 42 Eaton Avenue, Buckshaw Village, Chorley, PR7 7NA as at 19th of December 2014, the date that the company entered administration

Statement of Truth


I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 19th of December 2014 the date that the company entered administration

Full name Tanya Willis
Signed *Tanya Willis*
Dated 20 January 2015

A – Summary of Assets

Assets

	Book Value £'000	Estimated to Realise £'000
Assets subject to fixed charge		
Investments	7,719	2,600
Freehold property	-	-
Trade receivables	-	-
Less fixed charged secured debt		
- Bank of Scotland	(1,163)	(1,163)
- Lloyds Commercial Finance	(326)	(326)
- Loan Note Holders	(2,658)	(2,658)
Surplus / (Deficit) to secured creditors (to carry forward)	3,572	(1,547)
Assets subject to floating charge		
Plant and Machinery	-	-
Cash	-	-
Other receivables	67	-
Prepayments	62	-
Inter Company Loans	18,287	-
	18,416	-
Uncharged assets		
Estimated total assets available for preferential creditors	18,416	-

Signature  Date 20/1/15

A1 – Summary of Liabilities

	£'000	Estimated to realise £'000
Estimated total assets available for preferential creditors (carried from page A)		-
Liabilities		
Preferential creditors -	16	(16)
Estimated deficiency/surplus as regards preferential creditors		(16)
Estimated prescribed part of net property where applicable (to carry forward)	-	-
Estimated total assets available for floating charge holders		(16)
Debts secured by floating charges	1,547	(1,547)
Estimated deficiency/surplus of assets after floating charges		(1,563)
Estimated prescribed part of net property where applicable (brought down)	-	-
Total assets available to unsecured creditors		(1,563)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	28,926	(28,926)
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(28,926)
Shortfall to preferential creditors (brought down)		(16)
Shortfall to floating charge holders (brought down)		(1,547)
Estimated deficiency/surplus as regards creditors		(30,489)
Issued and called up capital	6,582	(6,582)
Estimated total deficiency/surplus as regards members		(37,071)

Signature  Date 20/1/15

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

Name of creditor or Claimant	Address (with postcode)	Amount of debt £'000	Details of any security held by creditor	Date security given	Value of security £
	Creditors Ledger attached	223			
	Employment and Social Security costs	497			
	Accruals (copy schedule attached)	206			
	Costain Claim (this value is disputed by the Directors)	28,000			
	Total	28,926			

Signature [Signature] Date 20/1/15

Purchase Ledger Aged Creditors Report (Summary)

Date 20/01/2015
Time 11:47:42

Age Against:	Transaction Date	Ageing Date	31/12/2014	Retrospective	Yes	90 days	60 days	30 days	Current	Total
Account	Date Last Tran			120 days +						
ALPHABET	10/12/2014									
Alphabet (GB) Limited								1262.40		1262.40
BEAGLE	13/01/2015									
Beagle Asset Management Ltd			750.00					9148.90		8398.90
CAPITA R	17/10/2014									
Capita Registrars Ltd					3182.01					3182.01
DELOITTE	05/01/2015									
Deloitte								101521.99	20413.60	121935.59
DINERS C	10/12/2014									
Diners Club UK Limited								-2285.90		
FRC	19/08/2014									
The Financial Reporting Council										1010.00
GLASS AD	01/12/2014									
GLASS Advisory Services Ltd								6300.00		6300.00
GT01	31/10/2014									
Grant Thornton										15990.00
HB	10/12/2014									
HB Penetration Ltd								7603.00		

Account	Date Last Tran	120 days +	90 days	60 days	30 days	Current	Total
HCF01 Harrison Goodland Foods	28/10/2014	3583 12					3583 12
JLTD1 JARDINE LLOYD THOMPSON	05/08/2014	-1494 66					-1494 66
JONESDAY Jones Day	12/12/2014				6651 00		6651 00
KPMG LLP KPMG LLP	17/10/2014		18000 00				18000 00
LSED1 LONDON STOCK EXCHANGE	17/10/2014			540 00			540 00
MS01 MOORE & SMAILLEY	13/01/2015		93 60			93 60	187 20
NPLUS1 B Nplus1 Singer Advisory LLP	29/10/2014	15229 20		15085 04			30324 24
PECKWATE Peckwater Public Relations Limited	28/11/2014			2250 02	2260 02		4510 04
PROACTV Proactive Investors UK Ltd	17/10/2014		6000 00				6000 00
PRONACE Pronace Ltd	03/12/2014			3456 02			3456 02
PTARMICA Ptarmigan Media Ltd	05/09/2014	2984 00					2984 00

Teg Group plc
Purchase Ledger Aged Creditors Report (Summary)

Account	Date Last Tran	120 days +	90 days	60 days	30 days	Current	Total
SQUIRE Square Patton Boggs (UK) LLP	10/12/2014				10208.92	-10208.92	
SQUIRE S Square Sanders (UK) LLP	10/12/2014			5440.00		-5440.00	
WALKER Walker Morris	17/10/2014			10000.00			-10000.00
Grand Totals		120 days + 24141.56	90 days 31865.61	60 days 32877.88	30 days 125787.23	Current 4853.28	Total 222510.66

Analysis period	01/10/2015
A/C ref	AS
Short name	AS
Currency	AS
Country	AS
Balance	AS
Date last amended	AS
Date last tran	AS
On hold	AS
Payment group	AS
Retrospective	Yes
Supplier Analysis 1	AS
Supplier Analysis 2	AS
Supplier Analysis 3	AS

STATEMENT OF PRE-ADMINISTRATION COSTS

Pursuant to Rule 2 33(2)(ka) of the Insolvency (Amendment) Rules 2010

1 GENERAL

Pre-Administration Costs are defined as the fees charged and expenses incurred by the Administrators (or other person qualified to act as such) before the company entered into Administration but with a view to its doing so

This Statement gives a detailed analysis of the Pre-Administration Costs for The TEG Group plc incurred by the Administrators

2 APPROVAL

Determination of whether and to what extent the unpaid Pre-Administration costs are approved for payment shall be by resolution of the meeting of creditors to be held, or any creditors committee formed at that meeting, detailed at section 5 7 above

**3 PRE-APPOINTMENT FEES AND EXPENSES INCURRED BY THE ADMINISTRATORS
FOR THE TEG GROUP PLC (IN ADMINISTRATION)**

Prior to the appointment of the Administrators, time was spent carrying out the following tasks and matters which were considered to be necessary to placing the Company into Administration,

During this period, the Administrators prepared for the Administration appointment which included gathering information from the Company in order to prepare for the appointment and development of a strategy to maximise value recovery for creditors from a sale of the business and / or its assets

In addition, time was incurred by our firm's tax department in implementing an intercompany restructuring to minimise the risk of any tax charges arising upon completion of the pre-packaged sale of Simpro

These actions were taken prior to the appointment in order to ensure that such a strategy could be quickly implemented on appointment and the value of the business and assets of the Company could be maximised for the benefit of creditors

4 ANALYSIS OF TIME INCURRED

The time incurred by the Administrators and their staff for the pre-appointment period from 8 December 2014 to 19 December 2014, are summarised in the table below. A detailed analysis of the time spent by work function is attached.

Classification of work function	Partners and Directors	Managers	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Preparation for Administration	-	2.5	7.5	10	2,797.50	279.75
Pre Pack Negotiations	5	-	-	5	3,375	675
Tax Planning	17.8	-	-	17.8	13,535	760.39
	<u>22.8</u>	<u>2.5</u>	<u>7.5</u>	<u>32.8</u>	<u>19,707.50</u>	<u>600.84</u>
Total Fees Claimed					19,707.50	
Total Fees Drawn					0	
Total Fees Unpaid as at the date of Appointment					<u>19,707.50</u>	

Preparation for Administration includes case planning, case set-up and preparation of statutory notifications.

Pre Pack Negotiations includes liaising with legal advisors, agents and Veolia in respect of the sale of the Simpro shares.

Tax Planning includes outlining and implementing an intercompany restructuring to minimise the risk of any tax charges arising upon completion of the pre-packaged sale of the shares of Simpro.

- Fees totalling £19,707.50 remain unpaid as at the date of administration and their payment needs approval by resolution from the creditors' committee, or, if one is not formed, from the general body of creditors.

[illegible]

Rule 2.72

Form 4.25

PROOF OF DEBT - GENERAL FORM

In the matter of The TEG Group Plc
In Administration
and in the matter of The Insolvency Act 1986

Date of Administration 19 December, 2014

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held the value of the security and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Rule 2.72

Form 4.25

PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator

Form 2.25B

Rule 2.48

Notice of conduct of business by correspondence

Name of Company The TEG Group plc	Company number 03109613
In the High Court of Justice, Chancery Division Leeds District Registry	Court case number 1321 of 2014

Notice is hereby given by
Daniel James Mark Smith
Deloitte LLP
PO Box 500
2 Hardman Street
Manchester
M60 2AT

William Kenneth Dawson
Deloitte LLP
PO Box 500
2 Hardman Street
Manchester
M60 2AT

to the creditors of The TEG Group plc
c/o Deloitte LLP, 2 Hardman Street, Manchester, M60 2AT

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are
5 resolutions for your consideration. Please indicate below whether you are in favour
or against each resolution.

This form must be received at
Deloitte LLP
PO Box 500 2 Hardman Street Manchester M60 2AT

by 12 noon on 13 February 2015 in order to be
counted. It must be accompanied by details in writing of your claim unless those details
have already been submitted for the purpose of a meeting of creditors. Failure to do so
will lead to your vote(s) being disregarded.

Resolution (1) That the Joint Administrators' proposals be accepted. I am *in Favour / Against

Resolution (2) That the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Deloitte LLP at the time when the work is performed (plus VAT). I am *in Favour / Against

Resolution (3) That the Joint Administrators' disbursements for mileage be fixed by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administration, calculated at the prevailing standard mileage rate of up to 45p used by Deloitte LLP at the time when the mileage is incurred plus VAT where applicable and for a website fixed cost of £500 for the set up and maintenance of uploading notifications to. I am *in Favour / Against

creditors

Resolution (4) That the Administrators be authorised to draw their pre-administration fees of £19,707 50 as an expense of the Administration

I am *in Favour / Against

Resolution (5) in the absence of Creditors' Committees, the creditors of the Company agree that the Administrators be discharged from liability per Paragraph 98 of Schedule B1 of the Act immediately upon the Administrators filing their final report to creditors and vacating office

I am *in Favour / Against

Optional Resolution

Creditors have the option to form a creditors committee, although there is no requirement to do so. Should a creditor wish to nominate a representative as a member of the committee, this can be done by completing the following resolution

For the appointment of _____ of _____
representing _____ as a
member of the creditors committee

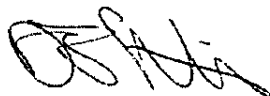
TO BE COMPLETED BY CREDITOR WHEN
RETURNING FORM

Name of creditor

Signature of creditor
(If signing on behalf of creditor, state capacity
e.g. director/solicitor)

If you require any further details or clarification prior to returning your votes please contact me/us at the address above

Signed



Joint Administrator

Dated

30/1/15

Rule 2.37

Creditor's request for a meeting

Name of Company The TEG Group Plc	Company number 03109613
In the High Court of Justice, Leeds District Registry, Chancery Division	Court case number 1321 of 2014

(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the company

request a meeting of the creditors of
The TEG Group Plc

c/o Deloitte LLP
PO Box 500
2 Hardman Street
Manchester

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's
claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence

(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

STATEMENT OF INSOLVENCY PRACTICE 16 – Initial letter to creditors dated 23 December 2014



Deanna LLP
PO Box 5000
2 Washington Street
Manchester NH 03101
Tel. 603.751.8323
Fax. 603.751.8293
www.deanna.com

OCAR is (1) a United Kingdom member firm of Ogilvy & Mather International Limited ("O&M") a UK private company limited by guarantee, whose member firms are equally separate and independent, entities. Please see more details on O&M for a detailed description of the legal structure of O&M and its member firms.

For clarity, TEG Group continues to hold 100% shareholdings in TEG Environmental and TEG Energy together with Joint Ventures investments in TEG Biogas (Perth) Limited (50% shareholding) and TEG Biogas (London) Limited (24.5% shareholding). TEG Group also contains intercompany receivables due from these companies. These assets have not been the subject of the pre-pack transaction and will be realised in the normal course of the Administration.

TEG Environmental has retained the business and assets relating to its operations at Todmorden, Hillbarton and Perth. These assets have not been the subject of the pre-pack transaction and will be realised in the normal course of the Administration.

Background Information

The Group specialises in green technology offering organic waste solutions from 10 sites throughout the UK, with the head office based in Chorley, Lancashire. The Company's shares were traded on AIM until their suspension on 28 October 2014. The Group's sites use various processes including Anaerobic Digestion (AD), In-Vessel Composting (IVC) and Open Air Windrow (OAW) which produce a range of materials including compost and digestate materials. These products are used in a number of industries including agriculture, land remediation and horticulture. The operations are summarised below.

Subsidiary/ Joint Venture	Activities
TEG Group PLC	<ul style="list-style-type: none"> • AIM listed parent company
TEG Environmental Limited (100% Subsidiary)	<ul style="list-style-type: none"> • Operates IVC plants at Todmorden, Perth and Hillbarton • Plant construction ("EPC") division and contracts
TEG Energy Limited (100% subsidiary)	<ul style="list-style-type: none"> • IVC plant operations at the Carleton Rode facility
Simpro Limited (100% subsidiary)	<ul style="list-style-type: none"> • Simpro mainly composts green waste, operating from 6 Open Air Windrow sites across the Midlands
TEG Biogas (Perth) Limited (50% Joint Venture)	<ul style="list-style-type: none"> • SPV set up with Albion Ventures LLP, to build the AD facility at Perth in Scotland
TEG Biogas (London) Limited (24.5% Joint Venture)	<ul style="list-style-type: none"> • SPV set up with Foresight Environmental, to build the AD facility at Dagenham

Events leading up to insolvency

The Group has been loss making for a number of years and reported a loss before tax in its audited financial statements in each of the last four years (2013: £2,678k, 2012: £1,279k, 2011: £8,004k and 2010: £628k).

The Group faced considerable financial uncertainty arising from a contract (the "Contract") with Costain Limited ("Costain") to build 4 IVC facilities as part of the Greater Manchester Waste Contract. In particular:

- c £2.8m of retentions held by Costain under the Contract for over two years
- potential significant claims for remediation work.

The Contract is held by TEG Environmental and is guaranteed by TEG Group. The Group had proposed a number of solutions in a bid to exit the Contract but unfortunately none proved successful.

On 30 September 2014, the Group announced it was unable to reach financial close on its proposed EPC project for Gaydon. Certain other projects had also been delayed into 2015 and therefore the Group had no prospect of securing the revenues required to sustain the EPC Division in the short to medium term.

On 28 October 2014 the Company announced the suspension of trading of its shares on AIM pending clarity on its financial position.

On 31 October 2014 forecasts prepared by the Group showed that the Group had an unfunded cash requirement at the end of 2014. On this basis the Directors began an accelerated disposal process to explore options for the sale of all or part of the Group.

During this period, the Group consulted with its secured creditors and major shareholders who all advised that, without successful resolution of the Costain liabilities, they would not provide any further funding for the Group.

On 25 November 2014 the Group confirmed, despite further final negotiations, it had been unable to negotiate an exit from the Contract and had been unable to secure the release of any retentions owed to the Group. Given the ongoing costs associated with managing the conclusion of the Contract and the associated remediation costs, in the absence of capital from the retentions the Board believed that the ability to raise additional third party funding for the Group was extremely unlikely.

Marketing of the business and assets

As noted above, the Directors commenced the sale process on 31 October 2014. Given the financial constraints, a fast-track disposal process was undertaken. The work was performed by the Corporate Finance Advisory practice at Deloitte ("Deloitte CFA"). Deloitte is regulated by the ICAEW and the Deloitte CFA team comprised experienced corporate finance practitioners who have confirmed their independence in relation to the Group through internal client take on procedures and personal independence training provisions.

Deloitte CFA and TEG Group management established a list of 54 potentially interested parties. Following further discussion, four parties were removed from the list due to prior discussions already undertaken with TEG and five parties were put on hold by Management due to sensitivity around commercial terms and wider relationships in connection with the Greater Manchester project. The process was kept open to new parties indicating interest throughout.

Initial conversations were undertaken by Deloitte with the remaining 45 parties which comprised a mix of both trade and financial parties. 26 interested parties were issued with a standard non-disclosure agreement of which 22 were duly signed and returned.

A total of 20 parties, consisting of 12 financial parties and eight trade parties, subsequently received a detailed information pack.

Following receipt of the information packs, 15 parties requested further information prepared and provided by the Company and eight engaged in management meetings, calls and email dialogue.

Initial offers for the entire business of the Group (excluding the EPC division) were requested by 17 November 2014. Seven initial offers for the business were received and there were a further eight offers for individual parts of the business.

Four of the seven parties that had submitted initial bids were granted access to a data room set up to provide financial and operational information to interested parties. One party concluded at this stage that it did not wish to pursue the opportunity.

One of the remaining parties became the preferred bidder after the other parties either withdrew or reduced their initial offers. However after almost three weeks of pursuing the transaction and confirmation of the initial offer, the bidder withdrew on 1 December 2014.

All parties who submitted initial bids were informed of the withdrawal and another offer for the entire business (excluding the EPC division) was received from a previous interested party (who had not made an initial bid). However after two weeks of pursuing the transaction this offer was also ultimately withdrawn on 11 December 2014.

At this point there were no viable bids for the business and assets of the whole Group, therefore Deloitte CFA pursued an offer from Veolia ES (UK) Ltd for the shares in Simpro only.

The only assets to be sold via a pre-packaged transaction are the Company's shares in Simpro and certain customer contracts held in TEG Environmental but fulfilled by Simpro. The value of these shares and contracts have been determined through the marketing process. This has delivered a better result for creditors than the alternative option of a managed wind down and closure of Simpro.

Any remaining assets of the Group are expected to be realised in Administration.

The transaction

The transaction took place on 19 December 2014. The purchaser is Veolia ES (UK) Ltd.

There is no connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates.

No directors, or former directors, of the Group are involved in the management or ownership of the purchaser, or of any other entity into which any of the assets have been transferred.

The nature of the transaction is a sale by the Company of its shares in Simpro and the sale of customer contracts in TEG Environmental that were fulfilled by Simpro. The Company's remaining assets comprise its shareholdings in other subsidiaries and joint ventures.

The consideration for the transaction was £2.25m for the Simpro shares and £0.35m for the customer contracts. The full consideration was paid in cash on completion. The share consideration was paid to TEG Group and the contracts consideration was paid to TEG Environmental. The consideration all relates to fixed charge realisations and is compared to book value and valuations below.

	Consideration	Book Value	Valuation of Assets
Shares of Simpro	£2.25m	£0.78m	P&M £0.4m - £0.6m Trade and other receivables £0.33m
Contracts held in TEG Environmental	£0.35m	nil	n/a

The book value for the shares of Simpro is based on the net assets value at the time of the transaction. Independent professional valuations of the Simpro plant & machinery were undertaken by GVA Grimley Limited who are appropriately qualified to carry out such valuations and have confirmed their independence.

Alternative options

The following alternative options were also considered as part of the planning process:

Continuing to trade outside of insolvency

As noted above the Company had exhausted its available cash resources and this funding constraint was impacting on its ability to continue trading.

The Company's main shareholders as well as Bank of Scotland plc ("the Bank"), and Lloyds Bank Commercial Finance Ltd ("LBCF") all advised they were not willing to provide the level of additional funding necessary to support the Company continuing to trade, and therefore this option was not capable of being pursued.

Refinance of existing debt facilities

Given the uncertainty over the level of contingent liabilities in relation to the EPC contract with Costain and the level of cash requirement, the Company's directors concluded that it would not be possible to refinance the Company's existing debts within the necessary timeframe.

Trading insolvency

A trading administration of TEG Group would not address the funding requirement across the Group and the other Group companies would need to also enter Administration.

A trading insolvency of TEG Environmental, Simpro and TEG Energy would be subject to a number of significant risks that could either prevent trading or significantly impact any value achieved. Such risks include the Administrators' ability to obtain insurance to trade a waste management business, Health and Safety responsibilities in relation to the operations, the risk that environmental licences could be withdrawn or terminated and customer's ability to terminate contracts. The Company's directors concluded that a pre-pack sale would be preferable to ensure a swift and immediate transfer of operations where possible and that this would also generate the best value.

Immediate/ managed closure

Given that a debt refinance and a solvent restructure were not considered achievable and a sale out of a trading administration was not attractive, the only alternative to the sale of the Simpro shares would have been for Simpro to also enter into insolvency with the rest of the Group with a view to implementing an

immediate or managed closure of the business. The outcome to all creditors in this scenario is inherently uncertain.

In a closure situation of Simpro, with the exception of certain trade debtors, no material realisations were expected to be achieved from Simpro given the sites are all leasehold and all customer contracts would be capable of being terminated on insolvency.

In addition, a closure of Simpro would have led to increased creditor claims from employees (c£0.1m of arrears of wage costs and expenses, statutory redundancy and notice costs), and reduced receipts from customers.

Estimated closure costs of £0.2m to £0.7m would also be incurred in order to undertake either a managed wind down or an immediate closure. The immediate closure costs are higher due to the estimated cost of transporting waste to alternative waste processors (c. £0.5m).

Based on the above, our estimates indicate that, an Administration of Simpro would not produce any return to shareholders and therefore no recoveries to TEG Group.

Initial Introduction of Deloitte LLP

On 20 January 2014, Deloitte LLP ("Deloitte") was engaged by Bank of Scotland Plc ("the Bank") as the Company's primary secured lender, and the Company to undertake a review of the Group's Short Term Cash Flow Forecast ("STCFF"), historical and forecast performance and assess the options available to the Bank.

On 31 October 2014, Deloitte CFA was engaged to commence a sales process and received interest from a number of parties (discussed in the sales process section of this letter). Deloitte has undertaken the following work:

1. Engagement letter dated 17 October 2014. Deloitte was engaged by the Company to assist the Group with its review of strategic options, undertake Contingency Planning and provide assistance with Stakeholder Management.
2. Engagement letter dated 31 October 2014. Deloitte was engaged by the Company to undertake a marketing exercise and run a sales process.
3. Addendum engagement letter dated 4 November 2014. Deloitte was engaged to review the short term cash position of the Group.

During this process the Company received independent legal advice from Walker Morris LLP regarding the Company's position and its options.

Beneficiary Access Agreements were signed to treat the Bank and LBCF as parties to the engagement letters signed by the Company dated 17 October 2014, 31 October 2014 and subsequent addendum letter dated 4 November 2014.

Pre-appointment considerations

Prior to the above engagements, Deloitte had not had any prior relationship with the Company Group or its directors

Alternative options were analysed prior to the pre-pack administration (as discussed above) An immediate closure would not provide better returns to all creditors of the Group

Pre appointment, the Proposed Administrators had discussions with the Group's key stakeholders including the Bank, LBCF and the Company's secured loan-note holders. The Transaction structure was supported by all of the secured creditors

During the sales process the Group requested that working capital funding continued to be provided from LBCF via the ID Facility LBCF were supportive of this request and continued to provide funds within the existing ID Facility

Given the likely challenges to trading the business in administration, the Proposed Administrators also worked with the Company's senior management team to prepare a contingency plan, capable of being executed should the sales process not prove successful.

The Bank and LBCF hold first ranking security over all assets of the Group The secured loan-note holders hold second ranking security over all assets of the Group Details of all the security held are shown below

TEG Group plc

Debenture dated 11 May 2006 in favour of Bank of Scotland plc

Legal charge over the freehold property on the north side of Bacup Road, Sharneyford dated 23 June 2006 in favour of Bank of Scotland plc

Deed of charge over deposit dated 29 October 2007 in favour of Bank of Scotland plc

Charge over securities in TEG Biogas (London) Limited dated 31 August 2012 in favour of Investec Bank plc as agent

Second ranking charge over security in TEG Biogas (London) Limited dated 31 August 2012 in favour of Foresight Fund Managers Limited

Debenture dated 27 September 2013 in favour OF Beagle Asset Management Limited as security agent.

TEG Environmental Limited

Debenture dated 10 June 2006 in favour of Bank of Scotland plc

All assets debenture dated 30 March 2012 in favour of Lloyds Bank Commercial Finance Limited

Debenture dated 27 September 2013 in favour of Beagle Asset Management Limited as security agent

Debenture dated 14 May 2014 in favour of Bank of Scotland plc

TEG Energy Limited

Legal charge over the freehold property known as Double Bank Farm, Carleton Rode, Norfolk dated 27 October 2006 in favour of Bank of Scotland plc

Deed of charge dated 21 October 2006 in favour of Bank of Scotland plc

All assets debenture dated 30 March 2012 in favour of Lloyds Bank Commercial Finance Limited.

Debenture dated 27 September 2013 in favour of Beagle Asset Management Limited as security agent.

Purpose of the Administration

The purpose of an administration under The Enterprise Act 2002 is split into three parts

- 1 To rescue a company as a going concern (in other words, a restructuring which keeps the actual entity intact)
- 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company. This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation)
- 3 If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable

As noted above, the Company had significant secured and unsecured creditor liabilities and a refinancing of the Company's debts was not achievable, as such the Administrators concluded that the first option was not possible to achieve

Accordingly, the purpose of the Administrations was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company. The purpose of the Administration has been achieved through the Sale and the resultant mitigation of creditor claims

General matters to be brought to the attention of creditors

The effect of an Administration appointment is essentially to give protection to the Company and prevent any person taking action against it. During the period of the Administration the Company cannot normally be wound up, no Administrative Receiver can be appointed, nor can steps be taken by any creditor to enforce security, repossess goods or commence any legal proceedings against the Company without the consent of the Administrators. The Administrators will manage the affairs, business and property of the Company for the duration of the Administration

The Company ceased to trade with immediate effect on 19 December 2014. Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 (as amended) the Administrators will prepare proposals which will be submitted to the Company's creditors within eight weeks of the commencement of the Administration, or such period as the Court may order. If appropriate a meeting of creditors will be convened

The directors have been requested to prepare a Statement of Affairs as at the date of the Administration. In order to assist in the Administrators' review of the Company's financial situation, creditors should submit a detailed statement of the amount due from the Company at 19 December 2014 together with details of any security held. Enclosed with this letter is a formal Proof of Debt form for creditors to complete and return. Also enclosed is a questionnaire for completion by creditors who wish to provide the information requested

The Administrators are obliged to consider the conduct of the directors of the Company during the last three years. If there are any matters creditors wish to bring to the attention of the Administrators, please provide this in writing to the Administrators

VAT bad debt relief is now available in respect of all debts on supplies made on or after 1 April 1989, for which VAT was charged and accounted for to HM Revenue & Customs, which has been outstanding for a period of six months and is written off in the accounts. No further documentation is necessary.

Certain creditors may have a reservation of title claim over goods in the Company's possession. If creditors think they may have a claim please contact one of our duly authorised representatives, Jordan Moore, to make the necessary arrangements to pursue such a claim. Such claims should be supported by relevant documentation and an indication of how such stocks may be identified.

Communication with creditors - websites

In an effort to reduce the costs of the Administration, all statutory communications with creditors, including updates and progress reports, will be posted onto a website, which has been set up specifically for this purpose. The web address is www.deloitte.com/uk/teggroup.

A letter (to be issued by email if consent is obtained) will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website for 3 months after being uploaded to the site.

Please note that a hard copy of any document uploaded to a website can be requested by writing to the address on the front of this letter, emailing jordmoore@deloitte.co.uk or Jordan Moore on 0161 455 6697.

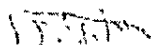
As required by Statement of Insolvency Practice 9 (*England & Wales*) – Payments to Insolvency Office Holders and Their Associates – a "Creditors' Guide to Administrators' Remuneration" is available for download at www.deloitte.com/uk/sip-9-england-and-wales. Should creditors require a paper copy, please send a request in writing to the Administrators at the address on the front of this letter and this will be provided at no cost.

Please contact Daniel Taylor or Jordan Moore should creditors have any queries regarding any of the above matters.

Please note that the Administrators act as agents of the Company and contract without personal liability.

Yours faithfully

For and on behalf of The TEG Group plc and TEG Environmental Limited



Daniel Smith
Joint Administrator

Enc Form 2 12B
Proof of Debt form

Daniel James Mark Smith and William Kenneth Dawson were appointed Joint Administrators of The TEG Group plc, TEG Environmental Limited and TEG Energy Limited on 19 December 2014. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.