Rule 2.47 **Form 2.24B(CH)**

The Insolvency Act 1986

Administrator's progress report

Name of Company	Company number
The TEG Group plc	03109613

In the	Court case number
High Court of Justice, Leeds District Registry, Chancery Division	1321 of 2014

We

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administrators of the above company attach a progress report for the period

From	To
19 December 2014	18 June 2015

Signed ______________________
Joint Administrator

Dated 16/7/15

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 searchers of the pub[...]

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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

Deloitte.

The TEG Group plc
(in administration) ("the Company")

Court Case No 1321 of 2014
High Court of Justice,
Chancery Division,
Leeds District Registry
Company Number 3109613

Registered Office: c/o Deloitte LLP, PO Box 500, 2 Hardman Street, Manchester, M60 2AT

Progress report to creditors for the period 19 December 2014 to 18 June 2015 pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended) ("the Rules").

Daniel James Mark Smith and William Kenneth Dawson ("the Joint Administrators") were appointed Joint Administrators of The TEG Group plc on 19 December 2014 by the directors 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 LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally

16 July 2015

Contacts

Joint Administrators of the Company

Daniel James Mark Smith &

William Kenneth Dawson

The TEG Group plc (in administration)

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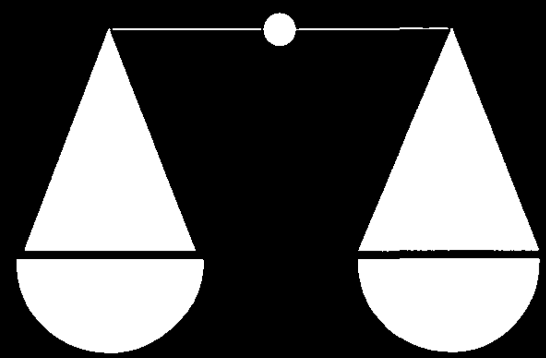
Key messages

	Commentary
Purpose of administration	• The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation
Progress of administration	• The Company is a holding company to TEG Energy Limited ("Energy") and TEG Environmental Limited ("Environmental") which are both in administration, and three other solvent subsidiaries • As reported in the Joint Administrators SIP 16 letter to creditors dated 23 December 2014 ("SIP 16 letter) the shares in Simpro Limited ("Simpro") were sold for £2 25m to Veolia ES (UK) Limited ("Veolia") shortly following the appointment • The majority of the costs of the administration have been settled and distributions have been made to Bank of Scotland plc ("BoS"), Lloyds Bank Commercial Finance ("LBCF") and the Loan Note Holders ("LNH") (together "the Secured Creditors")
Costs	• The basis of the Joint Administrators' remuneration has been fixed by reference to time costs incurred • The Joint Administrators' time costs incurred during the report period are £83,762 75 • The Joint Administrators have not drawn any fees in the period Further detail on the Joint Administrators' remuneration is on page 9 • The Joint Administrators' pre-administration costs of £19,707 50, which were approved by the creditors of the Company at a meeting held by correspondence on 16 February 2015, remain unpaid
Outstanding matters	• Settle the outstanding costs of the administration • Pay the Joint Administrators' remuneration • Finalise the Company's VAT and tax positions and obtain clearance to cease to act from HM Revenue and Customs ("HMRC") • Issue the final report on the administration to the Company
Dividend prospects	• Secured Creditors – BoS and LBCF have been paid in full The Loan Note Holders are likely to suffer a shortfall in respect of their lending • Preferential creditors will not be paid • Unsecured creditors will not be paid
Extension to administration period	• The Joint Administrators do not anticipate seeking an extension of the administration which is due to end on or before 18 December 2015

Progress of the administration



Progress of the administration
Summary

Progress of the administration

As outlined in the SIP 16 letter and the Joint Administrators Statement of Proposals issued on 30 January 2015 ("the Proposals"), immediately following the appointment, the Company sold the entire share capital of Simpro to Veolia for £2 25m In addition, Environmental sold certain customer contracts fulfilled by Simpro to Veolia for £350k

Following the sale, the Administrators have taken steps to settle the costs of the administration and have complied with their statutory obligations in respect of investigating the conduct of the Company's directors and reporting to creditors

Leachate Storage Tanks

At the time of issue of the Administrators' Statement of Proposals on 30 January 2015 ("the Proposals"), the Administrators were aware of two bespoke leachate storage tanks to be manufactured for installation on the Greater Manchester Waste Contract which the Administrators understood had a realisable value of c £100k

It was understood that these tanks were an asset of TEG Group and realisation of the tanks for £100k would have enabled a dividend to be paid to the preferential creditors However upon further investigation it transpired that the tanks are in fact an asset of Environmental

Following the appointment discussions took place with Costain Limited, the contractor, who expressed an interest in purchasing the tanks Costain invested in the services of an expert to inspect the tanks who advised that the coatings applied to the tanks did not meet the required specification and standard, and that there was a lack of quality assurance records available to accompany the manufacture

Leachate Storage Tanks (continued)

In light of this, Costain was not prepared to proceed with the purchase and the manufacturer was instructed to seek a new purchaser, however no offer for the tanks has been received

The tanks were the Company's only floating charge asset and, as there will be no floating charge realisations, there will not be any funds to enable a dividend to the Company's preferential and unsecured creditors (via the prescribed part fund or other wise)

Any time charged to the Company in respect of realising the tanks has been recharged to TEG Environmental

Costs incurred but unpaid

The receipts and payments account on page 5 has been prepared on a cash basis and excludes Joint Administrators' remuneration and expenses which have been incurred but have not yet been paid Further information on these costs are provided on page 9

Investigations

The Joint Administrators' have complied with their statutory duty to report on the conduct of the Company's directors and submitted their confidential report to the Insolvency Service on 15 June 2015

The Joint Administrators have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company

Having completed this review no further avenues of recovery have been identified

If you have any information that you feel the Joint Administrators should be made aware of in relation to the above, please contact the Joint Administrators in writing

Progress of the administration
Receipts and payments

Joint Administrators' receipts and payments account
19 December 2014 to 18 June 2015

£	SoA values	Notes	To date
Receipts			
Sale of Simpro Shares	2,600,000	1	2,250,000
Bank Interest Gross	-	2	35
Total receipts	2,600,000		**2,250,035**
Payments			
IT Costs		3	7,682
Incentive Payments		3	1,230
Payroll Costs			156
Bank Charges			45
Machinery/Equipment Costs		3	1,157
Statutory Advertising			657
Fixed Charge Creditor - BoS			1,157,410
Fixed Charge Creditor - LBCF			212
Fixed Charge Creditor - LNH			1,037,180
Legal Fees			9,085
Professional Fees			4,252
Intercompany Funding		4	951
Total payments			**2,220,017**
Balance			**30,018**
Made up of			
Bank Account		2	32,244
VAT Receivable		5	2,863
VAT Payable		5	(5,090)
Balance in hand			**30,018**

A receipts and payments account is provided opposite, detailing the transactions since the Administrators' appointment

Notes to receipts and payments account

1 – £350k variance between the directors' Statement of Affairs ("SoA") and realised to date values is the amount paid to Environmental to purchase a number of contracts undertaken by Simpro This was is included within the SoA of TEG Group in error

2 - All funds are held in an interest bearing account The associated corporation tax on interest received will be accounted for to HM Revenue & Customs ("HMRC")

3 – These costs have been incurred on behalf of other group companies and will be recharged accordingly

4 - This is a payment made to a supplier Energy and is in the process of being refunded by Energy

5 – The Company is registered for VAT and the receipts and payments are shown net of VAT

Information for creditors

Secured creditors

The Company's secured debt at the date of the appointment of the Administrators was £4 123m, summarised as follows

Secured Creditors

Description	Ranking	Amount (£'000)
Term Loan - BoS	1st	1,157
CID Facility - LBCF	1st	308
Loan Note Holders	2nd	2,658
Total		**4,123**

The term loan and loan notes were held within TEG Group and 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 and CID facility were discharged in full and c £1 1m was paid to the loan note holders

Following the sale of a freehold site in Todmorden owned by Environmental on 8 June 2015, a further £500k was returned to the loan note holders, of which £350k was provided to fund holding costs in TEG Energy Limited

Total realisations across the group are expected to be less than anticipated at the time of issue of the Proposals This is primarily due to the sale of the Todmorden site completing for significantly less than envisaged This was primarily due to the loss of a key contract with Wigan Council and, as a consequence, an increase in trading losses due to having to trade Todmorden during its historical loss-making period for longer whilst seeking an alternative buyer

As such, it is no longer expected that the Loan Note Holders will be paid in full and there will be no surplus funds received from other group companies to enable a dividend to creditors

Preferential creditors

Preferential claims received total £21k, however estimated preferential claims as per the directors' SoA were £16k

There will be no floating charge assets to enable a dividend to be paid to the preferential creditors

Prescribed Part

There will no floating charge realisations to enable a prescribed part fund for distribution to unsecured creditors

Unsecured creditors

There will be no floating charge realisations to enable a dividend to be paid to unsecured creditors

Claims process

As there is no prospect of a distribution for unsecured creditors, the Joint Administrators do not intend to undertake any work to agree any creditor claims received as this work will be performed only once the dividend prospects are certain

Exit

As detailed in the Joint Administrators' proposals, the Joint Administrators consider that ceasing to act, followed by the dissolution of the Company three months later will be the most appropriate exit route from administration because there will be insufficient funds to enable a distribution to creditors

Remuneration and expenses

Remuneration and expenses

Joint Administrators' remuneration

Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at http //www deloitte com/uk/teggroup

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

Basis of remuneration

The basis of the Joint Administrators' remuneration was fixed on 16 February 2015 by the creditors at a meeting of creditors held by correspondence 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

Time costs incurred

The Joint Administrators' time costs for the period are £83,762 75 made up of 214 75 hours at an average charge out rate of £390 05 per hour across all grades of staff

The Joint Administrators have not yet drawn any remuneration

Details of the time costs incurred, together with an explanation of the work undertaken and charge out rates is provided on pages 10-11 Creditors may request a detailed breakdown of the time costs incurred by writing to the address at the front of this report

Please note that we have reallocated 6 50 hours of time totalling £1,630 00 which was incorrectly allocated to trading in the Proposals to the correct time categorisations

Remuneration and expenses

Joint Administrators' time costs for the period 19 December 2014 to 18 June 2015

	Partners & Directors		Assistant Directors		Managers		Assistant Managers		Assistants & Support		TOTAL		Average rate/h
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Administration and Planning													
Cashiering and Statutory Filing	0 15	129 75	0 50	325 00	2 40	1 117 00	2 30	931 50	11 80	3 045 00	17 15	5 548 25	323 51
Case Management and Closure	5 00	3 625 00	1 80	855 00	-	-	-	-	35 40	5 205 00	42 20	9 685 00	229 50
Initial Actions	-	-	-	-	6 50	2 665 00	-	-	9 00	1,792 50	15 50	4 457 50	287 58
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-	-	-	-	-
General Reporting	25 50	15 902 50	1 00	475 00	22 50	9 225 00	-	-	3 00	630 00	52 00	26 232 50	504 47
	30 65	19,657 25	3.30	1,655 00	31 40	13,007 00	2.30	931 50	59 20	10,672.50	126.85	45,923 25	382.03
Investigations													
Investigations	0 50	362 50	0 50	237 50	-	-	-	-	1 80	375 00	2 80	975 00	348 21
Reports on Directors' Conduct	1 50	1 087 50	-	-	3 30	1 353 00	-	-	0 90	185 00	5 70	2 625 50	460 61
	2 00	1,450 00	0 50	237 50	3 30	1,353 00	-	-	2.70	560 00	8.50	3,600 50	423.59
Trading													
Day 1 Control of Trading	-	-	-	-	-	-	-	-	-	-	-	-	-
Ongoing Trading	-	-	-	-	-	-	-	-	-	-	-	-	-
Monitoring Trading	-	-	-	-	-	-	-	-	-	-	-	-	-
Closure of Trade	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Realisation of Assets													
Book Debts	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets (e g Stock)	-	-	-	-	-	-	-	-	-	-	-	-	-
Chattel Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Property - Freehold and Leasehold	-	-	-	-	-	-	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Business / Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Third Party Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Creditors													
Employees	-	-	-	-	-	-	-	-	4 00	840 00	4 00	840 00	210 00
Preferential	-	-	-	-	-	-	-	-	-	-	-	-	-
Secured	3 50	2,537 50	43 50	20 662 50	-	-	-	-	-	-	47 00	23 200 00	493 62
Shareholders	-	-	-	-	-	-	-	-	1 50	315 00	1 50	315 00	210 00
Unsecured	-	-	5 00	2 375 00	3 50	1 435 00	-	-	5 50	1,155 00	14 00	4 965 00	354 64
	3 50	2,537 50	48 50	23,037 50	3.50	1,435 00	-	-	11 00	2,310 00	66 50	29 320 00	440 90
Case Specific Matters													
Litigation	-	-	-	-	-	-	-	-	-	-	-	-	-
Pensions	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	0 50	462 50	1 00	815 00	1 10	731 50	-	-	10 30	2 910 00	12 90	4 919 00	381 32
Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
	0 50	462.50	1 00	815 00	1 10	731 50	-	-	10 30	2,910 00	12.90	4,919 00	381 32
TOTAL HOURS & COST	36 65	24,107 25	53.30	25,745 00	39 30	16,526.50	2.30	931 50	83.20	16,452.50	214.75	83,762.75	390 05
AVERAGE RATE/HOUR PER GRADE		£ 657 77		£ 483.02		£ 420 52		£ 405 00		£ 197 75			
FEES DRAWN												0	

Remuneration and expenses
Detailed information

Joint Administrators' time costs – work undertaken

A detailed breakdown of the time costs incurred by the Joint Administrators and their staff during the period from 19 December 2014 to 18 June 2015 is shown on the previous page Time is charged in six minute increments The work undertaken has been categorised into the following task headings

Administration and planning

- Activities include case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting and reporting to Veolia on specific matters regarding Simpro, compliance, liaising with insurers, creditors' meeting and relevant communication, settling administration expenses, cashiering and accounting

Investigations

- Investigating the Company's affairs and, in particular, any antecedent transactions and also reporting on the conduct of its directors

Creditors

- Such tasks as creditor set up and corresponding with unsecured creditors
- Time has also been incurred liaising with the Company's secured creditors regarding the strategy and progress during the administration

Case specific matters

- Activities include liaising with HMRC and the submission of VAT returns

Charge out rates

Restructuring Services charge out rates (£/hour)

Grade	From 1 Sept 2014
Partners & Directors	615 - 970
Assistant Directors	475 - 735
Managers	410 - 660
Assistant Managers	310 - 525
Assistants & Support	50 - 310

The average charge-out rates applicable to this case are set out above

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

Category 1 expenses incurred

£ (net)	Value	Paid	Unpaid
Car Hire	45	-	45
Case Bonding	230	-	230
Postage/Couriers	116	-	116
Total expenses	**391**	**-**	**391**

Category 2 expenses incurred

£ (net)	Value	Paid	Unpaid
Website set up	166	-	166
Total expenses	**166**	**-**	**166**

Expenses

Category 1 expenses

The Joint Administrators' direct expenses and disbursements incurred to date (excluding VAT) are set out above

Category 2 expenses

A resolution has been obtained from the creditors authorising the Joint Administrators to draw Category 2 expenses in respect of website costs and mileage from the estate

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred

No category 1 and 2 expenses have yet been drawn by the Joint Administrators

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 report 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

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), reducing 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 eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2 109 of the Rules

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports

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