

AM10

Notice of administrator's progress report



Companies House

SATURDAY



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13/10/2018

#325

COMPANIES HOUSE

1 Company details

Company number 03195445
Company name in full Tesla Exploration International Limited (In Administration)

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Samuel James
Surname Woodward

3 Administrator's address

Building name/number Ernst & Young LLP
Street 2 St Peters Square
Post town Manchester
County/Region
Postcode M2 3DF
Country UK

4 Administrator's name ①

Full forename(s) Colin Peter
Surname Dempster

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Ernst & Young LLP
Street 144 Morrison Street
Post town Edinburgh
County/Region
Postcode EH3 8EX
Country UK

② Other administrator
Use this section to tell us about
another administrator.

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Notice of administrator's progress report

6

Period of progress report

From date

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To date

d 2 d 0 m 0 m 9 y 2 y 0 y 1 y 8

7

Progress report

☒ I attach a copy of the progress report

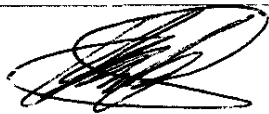
8

Sign and date

Administrator's
signature

Signature

X



X

Signature date

d 1 d 1 m 1 m 0 y 2 y 0 y 1 y 8



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Contingent assets

Demobilisation fee

A demobilisation fee of c. \$800k (c £656k) (net of VAT) is due to the Company following the exportation of the Ethiopian plant and machinery and transfer of the assets off the Profit Sharing Agreement ("PSA") to which they are currently attached.

We have received an initial payment on account from the PSA holder of \$435,652 (c.£324,385).

The remaining outstanding balance will be remitted subject to the satisfactory completion of a number of matters, which include:

- ▶ Provision to the PSA holder of export documentation in relation to certain assets.
- ▶ Closure of the Company branch office in Ethiopia.

We understand that in order to close the branch office a compulsory tax audit may be required. Prior to our appointment the Company was involved in a tax dispute, meaning that the closure of the branch could be a prolonged process. We have appointed agents in Ethiopia to progress the closure of the branch office.

We anticipate that milestone payments will be received from the PSA holder following the completion of the matters outlined above. However, due to the nature of the matters to be completed we consider that further realisations remain uncertain in this regard.

We will provide further updates in our next progress report to creditors.

Joint Administrators' remuneration and expenses

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

The Administrators' remuneration was fixed on a time-cost basis by a resolution of the creditors passed on 8 February 2017 by the secured creditor and the preferential creditors

During the Period, the Administrators have incurred time costs of £25,579. Total time costs incurred since the beginning of the administration are £374,421. Of this sum, £210,000 has been billed and paid. The administrators' remuneration is not currently expected to exceed the amount provided for in the fee estimate of £397,486. At Appendix 3 to this report there is an analysis and narrative explanation of the time spent.

Joint administrators' statement of expenses incurred

During the Period, the Administrators have incurred and paid expenses totalling £1,155 plus VAT, offset by net interest received of £193. A further £171 of costs have been incurred but not paid. The expenses can be summarised as follows:

Type of Expense	Per Estimate Dated 8 November 2016 (£)	Paid as at 20 March 2018 (£)	Paid in Period (£)	Outstanding (£)	Total (£)
Payments made by the estate (see notes 1 and 2 at the end of this table)					
Insurance	20,000	2,067	-	-	2,067
Advertising	200	85	-	-	85
Company staff costs	10,632	10,563	-	-	10,563
Agent's costs	5,000	5,500	-	-	5,500
Legal costs	5,000	31,284	-	-	31,284
Rent, rates and utilities	4,500	5,915	-	-	5,915
Books and records storage and /or destruction	5,000	4,554	1,155	-	5,709
Statement of affairs fee	-	-	-	-	-
Bank charges and interest	1,000	495	(193)	-	302
Category 1 disbursements					
Travel and accommodation costs	5,000	4,421	-	-	4,421
Specific penalty bond	420	220	-	-	220
Document verification	-	-	-	46	46
Category 2 disbursements					
Mileage	1,000	846	-	-	846
Internal bulk copying, printing and postage	550	711	-	125	836
Total	58,302	66,661	962	171	67,793

Notes

- Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.



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- Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
- Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

Pre-administration costs

As previously reported, unpaid pre-Administration costs were approved for payment and have been drawn.

Distributions to creditors

Preferential Creditors

As previously reported, a first and final payment of £60k has been made to preferential creditors. No further contingency is required to be held in this regard.

Secured Creditor

HSBC Bank PLC had a total indebtedness estimated at c. £1.4m in the Directors' Statement of Affairs as at 21 September 2016 which is secured against the assets of the Company. Interim distribution's totalling £75k have been paid to the Secured Creditor to date.

The Prescribed Part

The prescribed part is a proportion of floating charge asset set aside for the non-preferential creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003. The charge in respect of the Company is dated 31 October 2007 and as such the provisions of the Prescribed Part will apply.

We currently estimate that the value of the Prescribed Part will be between £70k and £117k, depending upon whether the outstanding balance of the demobilisation fee is received. This is stated before costs of dealing with the Prescribed Part

Unsecured non-preferential Creditors

We do not currently estimate that there will be sufficient funds to enable a distribution to the respective non-preferential creditors other than by virtue of the Prescribed Part



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Remaining work

- Further realisation of the demobilisation fee.
- Agreeing and paying distributions to various classes of creditors (secured and the Prescribed Part).
- Settlement of all Administration costs.
- Completing statutory returns to HM Revenue & Customs, including those in relation to VAT, corporation tax and employee returns.
- Closure of the Administration.

Next report

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully

A handwritten signature in black ink, appearing to be 'S Woodward'.

S Woodward
Joint Administrator

S Woodward is licensed in the United Kingdom to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales. C Dempster is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland.

The affairs, business and property of the Company are being managed by the Joint Administrators, C Dempster and S Woodward, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice
Court reference:	8326 of 2016
Registered name of the company	Tesla Exploration International Limited (In Administration) ("the Company")
Registered office address of the company:	c/o Ernst & Young LLP, No. 1 Colmore Square, Birmingham, B4 6HQ
Registered number:	03195445
Country of incorporation (for a company incorporated outside the United Kingdom).	N/A
Date of appointment of the joint administrators.	21 September 2016
Details of any changes of administrator:	On 7 April 2017 Tomislav Lukic resigned and was replaced by Colin Peter Dempster.
Full names of the administrators:	Samuel James Woodward and Colin Peter Dempster
Office holder number(s).	Samuel James Woodward (12030) Colin Peter Dempster (8908)



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Administrators' address(es):

Colin Peter Dempster c/o Ernst & Young LLP,
144 Morrison Street, Edinburgh EH3 8EX

Samuel James Woodward c/o Ernst & Young LLP,
2 St Peter's Square, Manchester M2 3DF

Telephone number.

+44(0) 121 535 2456

Name of alternative person to contact with
enquiries about the case:

Jack Lavery

Tesla Exploration International Limited (In Administration) ("the Company")

Joint Administrators' Abstract of Receipts and Payments from 21 September 2016 to 20 September 2018

	Realisable value as per Statement of Affairs	Fixed charge 21 September 2016 to 20 March 2018	Floating charge 21 September 2016 to 20 March 2018	Fixed charge 21 March 2018 to 20 September 2018	Floating charge 21 March 2018 to 20 September 2018	Total 21 September 2016 to 20 September 2018
	£	£	£	£	£	£
Receipts						
Cash and cash equivalents	-	-	3,045.93	-	-	3,045.93
Accounts Receivable	429,303.91	-	27,709.46	-	-	27,709.46
Property, Plant and Equipment	500,000.00	-	350,000.00	-	-	350,000.00
Contingent assets	-	-	148,826.58	-	-	148,826.58
Demobilisation fee	-	-	-	-	324,384.78	324,384.78
Other income	-	-	11,646.88	-	-	11,646.88
VAT Payable	-	-	175.93	-	(175.93)	-
	929,303.91	-	541,404.78	-	324,208.85	865,613.63
Payments						
Direct Labour	-	-	(10,562.81)	-	-	(10,562.81)
Trading	-	-	(5,915.00)	-	-	(5,915.00)
Agents Fees	-	-	(11,196.65)	-	(1,154.89)	(12,351.54)
Other Expenses	-	-	(1,504.68)	-	193.20	(1,311.48)
VAT Receivable	-	-	(14,444.57)	-	14,290.63	(153.94)
Preferential Creditor Distribution	-	-	(59,776.77)	-	-	(59,776.77)
Secured Creditor Distribution	-	-	(75,000.00)	-	-	(75,000.00)
Joint Administrators Fees	-	-	(216,198.02)	-	-	(216,198.02)
Legal Fees	-	-	(31,283.93)	-	-	(31,283.93)
	-	-	(425,882.43)	-	13,328.94	(412,553.49)
Balance in hand			115,522.35		337,537.79	453,060.14

Notes

1. Receipts and payments are stated net of VAT
2. The Directors included costs lodged at court of £149k within Accounts Receivable. In line with previous report, we have presented this in the 'Contingent assets' row
3. Funds held are across two bank accounts. One of these accounts is interest-bearing with interest received presented net of bank charges within the 'Other expenses' row



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Appendix 3

Summary of Joint Administrators' time costs and disbursements from 21 September 2016 to 20 September 2018.

Classification of work function	Hours				Total hours	Total time costs (£)	Total average (£)
	Partner / Director	Manager	Other Senior Professionals	Assistants & Support			
Accounting & Administration	7.5	8.7	182.2	17.3	215.7	49,738.50	230.59
Bank & Statutory Reporting	23.5	7.0	114.8	1.0	146.3	37,621.50	257.15
Creditors	29.7	1.0	169.5	6.9	207.1	51,675.50	249.52
Debtors	1.5	19.5	32.2	0.0	53.2	13,638.50	256.36
Employee Matters	12.2	34.6	143.3	2.4	192.5	48,026.00	249.49
Immediate Tasks	1.3	15.0	37.2	0.0	53.5	13,406.50	250.59
Investigation & CDDA	1.7	0.0	27.3	0.0	29.0	6,933.50	239.09
Job Acceptance & Strategy	9.6	0.0	2.0	0.0	11.6	4,156.00	358.28
Legal Issues	0.0	0.0	5.6	0.0	5.6	1,288.00	230.00
Other Assets	43.2	11.0	71.2	0.0	125.4	36,198.00	288.66
Other Matters	3.3	2.2	12.7	0.0	18.2	4,829.50	265.36
Pre-Appointment	8.9	12.0	55.0	0.0	75.9	19,556.50	257.66
Property	0.0	0.5	25.6	0.0	26.1	6,033.00	231.15
Retention of Title	0.0	0.0	7.0	0.0	7.0	1,610.00	230.00
Sale of Business	0.0	0.0	74.3	0.0	74.3	17,089.00	230.00
Statutory Duties	6.6	4.5	136.0	5.0	152.1	35,826.00	235.54
Trading	3.5	0.0	23.8	0.0	27.3	6,821.50	249.87
VAT & Taxation	6.5	9.0	45.5	31.4	92.4	19,973.50	216.16
Total	159.0	125.0	1,165.2	64.0	1,513.2	374,421.00	247.44
Total costs incurred (£)	61,215.00	36,250.00	267,996.00	8,960.00			
Average hourly rate (£)	385.00	290.00	230.00	140.00			

Note: Time is recorded in 6 minute intervals

Joint Administrators' time costs for the period from 21 September 2016 to 20 September 2018 and a comparison with the fee estimate dated 8 November 2016.

Type of work	Per fee estimate dated 08 November 2016			Actual to 20 September 2018		
	Total hours	Time cost (£)	Average hourly rate (£)	Total hours	Time cost (£)	Average hourly rate £
Accounting & Administration	177.00	40,270.00	227.50	215.70	49,738.50	230.59
Bank & Statutory Reporting	100.00	26,250.00	262.50	146.30	37,621.50	257.15
Creditors	150.00	34,425.00	229.50	207.10	51,675.50	249.52
Debtors	22.00	5,670.00	257.70	53.20	13,638.50	246.98
Employee Matters	104.00	27,510.00	264.50	192.50	48,026.00	249.49
Immediate Tasks	57.00	14,320.00	251.20	53.50	13,406.50	250.59
Investigation & CDDA	52.00	13,250.00	254.80	29.00	6,933.50	239.09
Job Acceptance & Strategy	24.00	7,310.00	304.60	11.60	4,156.00	358.28
Legal Issues	120.00	33,325.00	277.70	5.60	1,288.00	230.00
Other Assets	90.00	26,550.00	295.00	125.40	36,198.00	298.25
Other Matters	20.00	5,675.00	283.80	18.20	4,829.50	258.41
Pre-Appointment	75.90	19,556.50	257.70	75.90	19,556.50	257.66
Property	35.00	9,125.00	260.70	26.10	6,033.00	231.15
Retention of Title	15.00	3,740.00	250.00	7.00	1,610.00	230.00
Sale of Business	210.00	56,775.00	270.40	74.30	17,089.00	230.00
Statutory Duties	165.00	42,550.00	257.90	152.10	35,826.00	237.45
Trading	25.00	6,825.00	273.00	27.30	6,821.50	249.87
VAT & Taxation	80.00	22,350.00	279.40	92.40	19,973.50	221.65
Total Hours	1,621.90	397,486.60	261.20	1,513.20	374,421.00	247.44



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Accounting & Administration: this includes general administrative duties, preparation for the Company entering Administration, processing receipts and payments and maintaining the Joint Administrators' accounting records.

Bank & Statutory Reporting: this includes statutory reporting to all classes of creditors. Reports include the Joint Administrators Proposals to creditors, six monthly progress reports, report for change in the office holder, matters relating to the extension of Administration and filing of documents with the Registrar of Companies.

Creditors: this relates to correspondence with creditors and specific creditor matters. There were c.120 trade creditors of the Company per the Statement of Affairs.

Debtors: this relates to time spent in collecting the outstanding debtor book which is due to the Company.

Employee Matters: this relates to correspondence and calls with employees, answering queries, filing forms, liaising with the Redundancy Payments Office and processing claims. There were 13 employees who were made redundant prior to the Joint Administrators' appointment with all remaining employees made redundant during the administration period. Time spent also relates to the investigation of the employment status of certain individuals.

Immediate Tasks: this relates to carrying out tasks and duties on appointment, for example, business stabilization, matters in relation to physical security of Company assets, placing Company documentation in storage, notifying the insurance broker of the Administration.

Investigation & CDDA: time spent carrying out Administrators' investigations into the directors' conduct and any issues which the Administrators were made aware by creditors or other parties.

Job Acceptance & Strategy: time spent in complying with our firm's internal compliance, job acceptance procedures prior to accepting an appointment and the strategy pursued in the Administration.

Legal Issues: time spent in relation to realisations of the contingent asset as well as the £1.6m receivable balance. Details of these issues can be found in the report above.

Other Assets: relates to assets other than debtors and plant and machinery of the business. This includes matters relating to the demobilization fee.

Other Matters: time spent on other matters arising in the Administration, for example, matters in relation to the subsidiary and immediate parent of the Company which are not in Administration.

Pre-Appointment: time spent prior to the appointment of the Joint Administrators in relation to preparation for the insolvency, planning for employee matters and negotiations with interested parties for potential sale of the business and/or assets of the Company.

Property: time spent conducting site visits, arranging for third parties to collect assets and arranging vacation of the property, including negotiations with landlords.

Retention of Title: relates to adjudicating Retention of Title claims made against the Company and claims made by third parties that the Company is controlling plant and machinery which belongs to the third party.

Sale of Business: time spent in relation of sale of assets of the business.

Statutory Duties: time spent in complying with statutory matters including filing letters and forms advising of the Joint Administrators' appointment.



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Trading: time spent in relation to the wind down of the business during the period for which employees were retained.

VAT & Taxation: investigating the Company's VAT and corporation tax position up to the date of appointment, preparation and submission of VAT and corporation tax returns for the post appointment period.

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Notice of administrator's progress report



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Jack Lavery

Company name

Ernst & Young LLP

Address

No.1 Colmore Square

Post town

Birmingham

County/Region

Postcode

B 4 6 H Q

Country

DX

Telephone



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse