

The Insolvency Act 1986

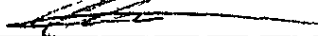
Statement of administrator's proposals

Name of Company Environmental Recycling Technologies PLC	Company number 03443456
In the High Court of Justice [full name of court]	Court case number 3915 of 2016

We (a) Simon Harris, Ben Woodthorpe and Mark Supperstone of ReSolve Partners Limited, 48 Warwick Street, London, W1B 5NL

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 5 September 2016

Signed 

Joint Administrator

Dated 5 September 2016

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 public record

ReSolve Partners Limited	
48 Warwick Street, London, W1B 5NL	
	Tel 02077029775
DX Number	DX Exchange

Companies House receipt date barcode

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



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A15 06/09/2016 #171

COMPANIES HOUSE

TUESDAY

**Environmental Recycling Technologies PLC –
in Administration ('the Company')**

Joint Administrators' proposals

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1 INTRODUCTION

Simon Harris, Ben Woodthorpe and Mark Supperstone, all of ReSolve Partners Limited ('ReSolve'), were appointed as Joint Administrators of Environmental Recycling Technologies PLC ('the Company') on 13 July 2016

Statutory information relating to the Company is attached at *Appendix I*

2 CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

Company Background

The Company operates predominately in the United Kingdom and was incorporated and registered on 26 September 1997 in England and Wales, Company number 03443456

The Company's principal income was derived from the licensing of the Powder Impression Moulding ('PIM') system to manufacturers within a given territory whereby the manufacturer/licensee would sell defined products using the PIM process and Eco-dec® trademark brand. Moreover, the Company would receive on-going royalties from sale of products utilising the PIM system

The PIM system is currently licensed to five licensees and patent protected in 30 countries in various continents, including North America, South America, Asia, Europe and Australia. The Company, in connection with its commercial partners, would offer licensees a complete solution package ranging from material analysis, prototyping, mould design and bespoke production equipment supply

Until recently, the Company's shares were traded on the Alternative Investment Market of the London Stock Exchange

Funding for the commercialisation of the PIM system was sourced via equity and debt instruments (both secured and unsecured). After 2007, there was a series of equity raisings in public equity markets, as EIS reliefs were made available to shareholders looking to invest in the AIM market, making the Company attractive to investors. Oxford Capital Limited ('Oxford Capital') was the Company's main source of debt financing and holds a fixed and floating charge of the Company's assets

Due to the Company's industry and business model, the Company relied on incoming finance from its lender, Oxford Capital, and support from its commercial partners (via use of plants to test machinery). The financial support would foster further research and development, with the intention to further market the PIM system to potential licensees

The Company commenced negotiations with 2K Manufacturing Limited ('2K Manufacturing') in 2013 to license the PIM process. The projected revenues from the sole license were estimated to generate circa £2 million in royalty revenue for the Company. The Company however was unable to secure the contract and despite the time and resources spent to bring the contract to a close, operational constraints of 2K Manufacturing hindered the process. In late 2013, the 2K Manufacturing was placed into Administration

The Company continued to sign new licensees, however, at a lower rate than anticipated. The Company also faced further difficulties, as licensees were unable to meet milestones and secure new customers which meant royalty income remained low

The Company continued to seek further investment and in early 2015 explored the opportunity to merge with a major company in the industry. The opportunity was put forward to investors to secure further funding to close the proposed deal. However, a lack of appetite from investors meant the Company had to withdraw from the proposition, weakening its financial position further

Interim results ending 30 June 2015 identified the Company's requirement to secure further funding from Oxford Capital in order to continue as a going concern

Following the failure to secure external investment, the majority of the board resigned in August/September 2015. Oxford Capital therefore appointed an interim chairman to assess options for the Company. Various further attempts to either re-capitalise the Company or to monetise the AIM listing also failed to complete

With the Company unable to secure further funding or comply with AIM rules the Company shares were suspended in July 2016 following the resignation of its nominated advisor ('NOMAD')

With the Company now under increasing creditor pressure, the directors resolved that the Company should be placed into Administration. On 13 July 2016, Ben Woodthorpe, Mark Supperstone and I were appointed by the directors as Joint Administrators of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and I have been the Administrator primarily involved in dealing with the Company's affairs.

Company's Financials

A summary of the Company's recent trading performance is shown below

Profit and loss account	Y/E 31-Jul-16 Management £'000	Y/E 31-Dec-14 Statutory £'000	Y/E 31-Dec-13 Statutory £'000	Balance sheet as at	Y/E 31-Jul-16 Management £'000	Y/E 31-Dec-14 Statutory £'000	Y/E 31-Dec-13 Statutory £'000
Revenue	3	37	119	Assets			
Administrative expenses				Non-current Assets			
Exceptional				Intangible Assets	1,263	1,510	1,755
Impairments				Plant and Machinery	33	49	14
Other	(209)	(1,129)	(1,683)	Investments	14	40	40
Total administrative expenses	(209)	(1,139)	(2,809)	Available for sale financial assets	0		
Loss on operations	(206)	(1,102)	(2,790)	Trade and other receivables	1,318	1,559	1,809
Finance income				Total non-current assets			
Finance Costs	(244)	(2,160)	(752)	Current assets			
Loss for the year before income tax	(450)	(3,262)	(3,542)	Trade and other receivables	3	81	130
Tax on loss on ordinary activities		(44)		Cash and cash equivalents	3	71	178
Loss for the year attributable to equity shareholders of the company		(3,218)	(3,542)	Total current assets	6	152	308
Other Comprehensive Income				Total assets	1,313	1,711	2,117
Total Comprehensive loss for the year attributable to equity shareholders of the company		(3,218)	(3,542)	Liabilities			
Loss per share (pence)	Unknown	(0.37)	(0.43)	Current Liabilities			
				Trade and other payables	921	368	481
				Borrowings	5,350	4,234	1,299
				Total current liabilities	6,271	4,602	1,780
				Non-current liabilities			
				Borrowings	1,841	1,841	1,841
				Total Non-current liabilities	1,841	1,841	1,841
				Total Liabilities	8,112	6,443	3,621
				Net Assets	(6,799)	(4,732)	(1,504)
				Equity attributable to shareholders of the parent			
				Share Capital		19,861	19,861
				Share premium reserve		37,436	37,436
				Warrant Reserve		87	87
				Available-for-sale reserve		(71)	(71)
				Retained Earnings		(82,035)	(58,817)
				Total equity		(4,723)	(1,504)

Source: Company's statutory accounts filed with AIM

It should be noted the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position

3 OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM

The purpose of an Administration is to achieve one of the three objectives set out in the insolvency legislation, which are to

- rescue the Company as a going concern, or
- achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
- realise property in order to make a distribution to one or more secured or preferential creditors

Objective (a) was explored, however the nature of the Company's trading and its regulatory circumstances, including the absence of a Nominated Advisor as required by AIM regulations meant this was not achievable in the time available

The second objective could not be achieved as the amount due to the Company's secured creditor compared to the value of its assets means that there are only sufficient assets to make a distribution to the secured creditor. Consequently, I am seeking to achieve objective (c) for the Company, and will do this by completion

of a sale of the Company's assets. As a result, Paragraph 52(1)(c) of Schedule B1 to the insolvency act applies and no meeting of creditors will be called for the purpose of approving the Administrators' proposals.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If I am unable to complete the Administration of the Company within 12 months then I will either apply to the Court, or hold a meeting of the appropriate classes of creditors, in order to seek approval for an extension of the Administration.

4 ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

I believe that the objective of the Administration was best achieved by the Company ceasing to trade. As a result, the Company ceased trading at the time of my appointment and its employees were formally dismissed on 13 July 2016.

A summary of the matters dealt with since the Administrators' appointment is outlined below.

- Formally notifying the following parties of the Administrators' appointment
 - All known creditors
 - All known members
 - The secured creditor, Oxford Capital and ATL Steel Limited
 - The Company's solicitor, Gowling WLG and also requested records held on behalf of the Company
 - The directors' and bookkeeper of the Company and formally terminating their employment
 - HMRC
 - The Company's pre-appointment bankers, Barclays Bank Plc (Barclays) and also requesting the Company's accounts be frozen and details of any other facilities
 - The Company's pre-appointment auditors, BDO LLP
- Liaising with the directors' regarding various matters including preparation and submission of a Statement of Affairs ('SOA')
- Initiated a marketing campaign to secure a 'buyer' of the Company to utilise the Company's AIM listing for the same or alternative business activities
- Liaised with interested parties in relation to the possible sale of the Company's business and its assets
- Liaised with Metallis Recycling Technology ('MRT'), the purchaser in respect to the terms of sale of the Company's assets
- Engaged Rosenblatt Solicitors ('Rosenblatt') for legal advice and preparation of the sale agreement
- Engaged Metis Partners to provide a valuation opinion in relation to the intellectual property assets
- Engaged Willis Insolvency Services ('Willis') of the appointment and instructed to investigate and advise ReSolve on the current insurance portfolio in force
- Liaised with creditor regarding their legal proceedings against the Company
- Drafted this proposal and report

5 FINANCIAL POSITION OF THE COMPANY

Sale of the Company's assets

On 31 August 2016, a sale of the Company's assets was completed to MRT (Company number 09704080), for £322,000 ('the Consideration'). A summary of the assets sold and the consideration received is detailed below

Description	Consideration (£)
Fixed charge	
Intellectual Property	321,000
Floating charge	
Available for sale investment	1,000
Total	322,000

Of the Consideration, £25,000 was received as cash on completion and is being held by Rosenblatt. The remaining £297,000, being a release of that amount of the Company's indebtedness to the fixed charge holder procured by the purchaser in order to achieve a release of the assets subject to the fixed charged security.

Metis Partners were engaged by the Administrators to provide a valuation on the Company's IP. Based on their valuation, the IP was valued between £8,500 - £10,000. The IP was sold at a substantially higher amount than the valuation.

Statement of Affairs

A summary of the Company's estimated financial position ending 13 July 2016, which is known as a Statement of Affairs ('SOA'), is attached at **Appendix II**. Please note that the SOA is prepared without taking into account the costs and expenses of the Administration.

Comments on the SOA

Cash at bank

The Company held sterling and US dollar accounts with Barclays. The SOA states an amount of £95 in the Company's bank account and I have written to Barclays requesting that the accounts be frozen for debits and have requested that any amounts in the bank accounts be transferred to the Administration account.

Intellectual Property subject to charge

The directors provided a patent listing that states a total of 16 patents, of which 14 were approved and filed. An amount of £1,263,728 is shown in the SOA in respect to IP (subject to a fixed charge with Oxford Capital). The IP formed part of the sale of assets to MRT. The secured creditor will suffer a significant shortfall.

Plant and Machinery/Office Furniture

The SOA states a nominal value for plant and machinery/office furniture and equipment of £4,508 and £228 respectively. Discussions held with the directors' suggest the plant and machinery were held at the facilities of one of the Company's corporate partners. Due to an ongoing dispute with the supplier of the plant and machinery, the supplier retrieved the plant and machinery prior to our appointment.

On current information, the expected realisable values for plant and machinery/office furniture are nil.

Book debts

Books debts comprise of royalties due by licensees to the Company in relation to the PIM system. I am liaising with the directors' to obtain license/royalty agreements. Upon receipt I will write to the relevant parties requesting payment of royalties due.

Loan to Delta Waste Management Limited ('DWM')

A book debt of £13,793 is owed to the Company from DWM. Prior to our appointment, the Directors' mutually agreed to set off expenses owed to DWM. The net book debt of £4,026 remains collectable.

Available for sale investment

The Company is 40% shareholder in DWM. Companies House states that the directors' of DWM are Lee Anthony Clayton and Kenneth Williams Brooks. Mr Clayton and Mr Brooks are both former directors' of the Company.

This investment formed part of the sale to MRT for £1,000.

VAT Receivable

The directors' advised that the VAT receivable included VAT on invoices not yet paid for. I will be requesting further documentation from the directors' to assess the recoverability of VAT receivable from HMRC.

Secured Creditor

The Company granted a fixed and floating charge to Oxford Capital on 26 November 2012, registered on the Registrar of Companies on 8 December 2012.

It is understood that the amount outstanding to Oxford Capital at appointment was circa £7,354,428. As outlined earlier in this report, a sale of the Company's assets completed and the proceeds will relate to the sale of the IP.

Preferential creditors

The only known preferential creditors are former employees of the Company for unpaid wages. Preferential claims for wages are subject to a maximum limit set by the insolvency legislation of £800. Any balance of wages is unsecured. There is no limit in respect to outstanding holiday pay.

Prescribed part

There are provisions of the insolvency legislation that require the Administrators to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a floating charge over its assets to a lender on or after 15 September 2003. This is known as the prescribed part of the Company's net property. A Company's net property is that amount left after paying the preferential creditors, but before paying the lender who holds a floating charge. The Administrators have to set aside

- 50% of the first £10,000 of the net property, and
- 20% of the remaining net property up to a maximum of £600,000

The Company gave a floating charge to Oxford Capital Limited on 26 November 2012 and the prescribed part provisions will apply. The Statement of affairs of the Company shows that the net property of the Company is £67,492 and I estimate that the prescribed part of the net property for unsecured creditors is £16,498. However, these estimates do not take into account the costs of the Administration which will reduce the amount of the Company's net property. Even if the net property is still greater than £10,000 after taking into account the costs of the Administration, it is likely that I will apply to Court for an order displaying the prescribed part provisions on the basis that the costs of distributing the prescribed part to the unsecured creditors would be disproportionate to the benefits to the unsecured creditors given the number of creditors of the Company and the extent of the Company's debts.

Unsecured Creditors

The Company's unsecured creditors total approximately £452,704

Based on the present information, I do not anticipate any funds will be available to unsecured creditors of the Company. Should this situation change, the Administrators will update creditors in their subsequent report.

6 ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

I attach a summary of the receipts and payments relating to the Company for the period from when it entered Administration, 13 July 2016, to the date of these proposals, at **Appendix III** for completeness.

I note however that I have not received or made payments in the Administration to date.

7 PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company, my future actions will comprise of the following:

- Reviewing the affairs of the Company and directors' conduct to investigate any voidable transactions or wrongful trading
- Dealing with creditors' enquiries and claims
- Writing to licensees who are debtors of the Company, requesting payment of amounts due
- In the event sufficient funds become available, distribute a dividend to the secured creditor
- Addressing statutory obligations, and
- Reporting to creditors

Following the above, I will provide creditors with a further report in the month following 13 January 2017 regarding the progress of the Administration.

8 ADMINISTRATORS' REMUNERATION AND EXPENSES

I propose that the Joint Administrators' fees will be charged by reference to the time properly spent by us and our staff in dealing with matters relating to the Administration of the Company. This time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken. Information about current charge out rates and the units of time in which work done is recorded is set out in **Appendix IV**. When I seek time cost approval I have to set out a fees estimate, which acts as a cap on time costs so we cannot draw fees of more than the estimate without further approval. The fees estimate can be found at **Appendix V**. This shows the estimated time costs, hours charged and average hourly rates split into various categories and split by grade. I estimate the total time costs I will incur in undertaking these tasks in the Administration will be £48,545.50.

I anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

To the date this report is prepared, my time costs amount to £32,806.50 representing 116 hours work, at an average charge out rate of £282.81. A schedule of the time costs incurred to date is attached as **Appendix V**.

A description of the work undertaken in the Administration to date is set out in **Appendix IV**.

A meeting of creditors is not being held as the purpose of the Administration of the Company is to achieve objective (c), that is to realise property in order to make a distribution to one or more secured or preferential creditors of the Company.

As a result, I will both be convening a general meeting of creditors with a view to obtaining a resolution approving my remuneration, and also separately seeking the approval of the Company's charge holder and preferential creditors in a subsequent report.

The relevant creditor's guide to Administrators' Fees can be found under the heading Creditor Guides on my website at <http://www.resolvegroupuk.com/resources/> Please note there are different versions of the guides, and in this case you should refer to the version for insolvencies after 1 October 2015. A hard copy can be obtained on request, free of charge, from this office.

Category 2 disbursements and expenses

I also propose that I am permitted to charge what are known as category 2 disbursements. Information about category 2 disbursements is set out in **Appendix IV**.

The following category 2 disbursements have been incurred to date:

Type of Expense	Amount incurred to date (£)	Amount paid (£)
Printing and stationary	576	Nil

I have incurred Administration expenses, which do not require separate approval and those incurred are detailed below:

Type of Expense	Amount incurred to date (£)	Amount paid (£)
Travel - Rail	3	Nil
Postage	749	Nil
Mail redirection	175	Nil
Total	927	Nil

I have not been able to draw any expenses in this matter.

The following agents or professional advisors have been utilised in this matter and the costs of these also comprise Administration expenses:

Professional Advisor	Nature of Work	Fee Arrangement	Fees incurred to date (£)	Paid (£)
Rosenblatt	Solicitors (UK)	Fixed	3,000	No
Metis Partners	Valuers	Fixed	2,500	No

The above does not include disbursements or VAT.

The choice of professional was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied they are reasonable in the circumstances of this case.

Rosenblatt are assisting with the preparation of the sale agreement of the Company's assets.

Metis Partners prepared the valuation report on the Company's IP.

In addition to the above, I anticipate the following expenses will arise in this Administration:

Category of Expense	Estimated Cost (£)
Postage	800
Statutory Advertising	270
Statutory Bonding	300
Total	1,370

Whilst not requiring approval, when reporting to creditors during the course of the Administration the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences.

9 PRE-APPOINTMENT FEES AND EXPENSES

The board of the Company instructed me to assist them in placing the Company in Administration on 24 March 2016. I attach at **Appendix VI** a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at my firm. In addition to my own time costs, **Appendix VI** also details the expenses that were incurred by my firm.

I therefore will require approval of my pre-appointment fees and expenses on a time cost basis following a further report to creditors requesting same.

The following work was undertaken prior to the appointment of Joint Administrators:

- Meetings with the secured creditors and directors to discuss options available given the Company's financial situation
- A limited marketing campaign, including contacting interested parties and providing financial information
- Liaising with secured creditors, regarding the value of debt, and
- Dealing with the formalities of making the appointment

The work done pre-appointment strengthened the Company's bargaining position in relation to the sale of assets as it provided the Joint Administrators further time to negotiate on its behalf. Due to the time constraints imposed pre-appointment (i.e. finding a nomad replacement within AIM guidelines) the Joint Administrators were unable to achieve objective b. Accordingly, the Joint Administrators are seeking to achieve objective c.

The following statement sets out my pre-appointment fees and expenses incurred. The statement also shows those fees and expenses that were paid prior to the Administration and those where approval is being sought to pay them from Administration funds.

Description	Paid Pre-appointment (£)	To Be Paid (£)
Administrators' remuneration	Nil	12,217
Total	Nil	12,217

As I have already indicated, a meeting of creditors is not being convened. As a result, I will both be convening a general meeting of creditors with a view to obtaining a resolution approving pre-appointment fees and expenses, and also separately seeking the approval of the charge holders and preferential creditors in due course.

10 ADMINISTRATORS' INVESTIGATIONS

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress this request for information forms part of my normal investigation procedure.

11 EC REGULATION ON INSOLVENCY PROCEEDINGS

I consider the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are main proceedings since the Company's registered office is in the United Kingdom.

12 ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, I formally propose to creditors

- (a) The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration by
 - (i) Realising the Company's assets, liaising with the secured creditor regarding amounts owed to them, making a distribution to the secured creditor and completing the statutory duties of the Administration
 - (ii) Selling the Company's assets at such time(s) on such terms as is considered appropriate
 - (iii) Investigating and, if appropriate, pursuing any claims the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company, and
 - (iv) Doing all such things and generally exercising all powers as Administrators as is considered desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) The Administration of the Company will end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered, or
- (c) The Administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies the objective of the Administration has been achieved, or
- (d) The Administrators be remunerated by reference to time properly spent by the Administrators and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. Details of the current charge out rates are outlined in **Appendix IV** of these proposals
- (e) The Administrators be authorised to draw category 2 expenses as outlined in **Appendix IV** of these proposals
- (f) The Administrators be discharged from liability in respect of any act of theirs 14 days after they cease to be Administrators of the Company

13 APPROVAL OF PROPOSALS

Since the purpose of the Administration of the Company is to achieve objective (c), that is to realise property in order to make a distribution to one or more secured or preferential creditors of the Company, I am not required to hold an initial meeting of creditors to consider these proposals. However, a separate meeting of creditors will be convened in due course to consider the basis of my charging remuneration and certain costs of the Administration.

Creditors whose debts amount to at least ten per cent of the total debts of the Company can require that a meeting of creditors is convened. Such a request must be made on Form 2.21B within eight business days from the date of these proposals. If creditors do not require me to convene a meeting of creditors within that time period, then these proposals will be deemed to have been approved.

14 FURTHER INFORMATION AND COMPLAINTS

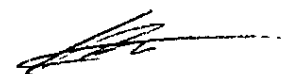
If creditors or members have any queries regarding the proposals or the conduct of the Administration in general, they should contact Evelyn Sanchez on 020 3051 2055.

Should you have any comments or complaints regarding this Administration, please contact Mark Supperstone in the first instance. If you consider that we have not dealt with your comment or complaint

appropriately, you may request we perform an internal independent review of your complaint. This review would be undertaken by a person within ReSolve not involved in the Administration. A request for a review can be made in writing to the Compliance Manager, ReSolve Partners Limited, 48 Warwick Street, London W1B 5NL or by email to simon.harris@resolvegroupuk.com

If you still feel that you have not received a satisfactory response then you may be able to make a complaint to the Complaints Gateway operated by the Insolvency Service. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, or you may email ip.complaints@insolvency.gsi.gov.uk, or you may phone 0845 602 9848. The Complaints Gateway will in turn determine if such complaint should be addressed by Mr Harris, Mr Woodthorpe's and Mr Supperstone's regulatory body.

Yours faithfully
For and on behalf of
Environmental Recycling Technologies PLC



Simon Harris
Joint Administrator

For enquires regarding this correspondence please contact

Contact name: Evelyn Sanchez
Phone number: 020 3051 2055
Email: evelyn.sanchez@resolvegroupuk.com

The affairs, business and property of the Company are being managed by the joint administrators.
Partners and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times, and without personal liability.
Cameron Gunn, Mark Supperstone, Simon Harris and Ben Woodthorpe are licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

APPENDIX I

STATUTORY INFORMATION

Company information

Company name	Environmental Recycling Technologies PLC
Previous name	3DM Worldwide PLC CAMCO Corporation PLC
Company number	03443456
Date of incorporation	26 September 1997
Trading address	N/A
Current registered office	C/o- ReSolve Partners Limited 48 Warwick Street London W1B 5NL
Former registered office	Regent House 316 Beulah Hill London SE19 3HF
Principal trading activity	Leasing of intellectual property and similar products, except copyright works

Appointment details

Date of appointment	13 July 2016
Appointment made by	Directors
Court name and reference	In the High Court of Justice, Case No 3915 of 2016
Administrators appointed	Simon Harris Insolvency Practitioner Number 11372 Ben Woodthorpe Insolvency Practitioner Number 18370 Mark Supperstone Insolvency Practitioner Number 9734
Paragraph 100(2) statement	Any act required or authorised under any enactment to be done by an administrator may be done by any or all of the Administrators acting jointly or alone

Officers of the Company

Director	Appointment Date	Cease Date	Shareholding (Number)
Thomas Michael Srafford Rowan	01/10/2015	-	1,170,000
David Shepley Cuthbert	12/08/2004	-	4,604,968
Jeremy Allen	01/01/2014	30/09/2015	-
Roger Baynham	03/01/2006	30/09/2015	-
Kenneth Brooks	26/09/1997	30/09/2015	-
Lee Clayton	01/01/2012	19/01/2016	1,519,516
Matthew Cooper	24/11/2014	30/09/2015	-
John Mayfield	08/12/2014	30/09/2015	-
Dr Divyash Patel	01/01/2014	30/09/2015	-
John Viviani	19/12/2014	10/08/2015	-

Company secretary Oxford Corporate Services Limited

Share capital

Authorised

786,097,600 deferred 2P shares £0 0225 each

786,286,000 ordinary shares £0 0025 each

83,466,133 ordinary shares £0 0125 each

Source Annual return dated 26 September 2015

Charges

Charge holder	Date Created	Type of Charge
Oxford Capital Limited	26 November 2012	Fixed and Floating

APPENDIX II

STATEMENT OF AFFAIRS

	Book Value £	Estimated to realise £
Assets subject to fixed charge		
Intellectual Property subject to charge	1,263,728	321,000
Due to fixed chargeholder		(7,354,428)
Shortfall to fixed chargeholder		<u>(7,033,428)</u>
Assets subject to floating charge		
Plant and machinery	4,508	Nil
Office furniture and equipment	228	Nil
Book debts	3,300	3,300
Cash at bank	95	95
Delta Waste Management - Cost of investment	40,000	1,000
Delta Waste Management - Loan less expenses	4,026	4,026
VAT Receivable	22,471	22,471
	<u>74,628</u>	<u>30,892</u>
Preferential creditors		(2,400)
Estimated deficiency / surplus as regards preferential creditors		<u>28,492</u>
Estimated prescribed part of net property		(8,698)
Estimated total assets available for floating chargeholders		<u>19,794</u>
Debts secured by floating charges		(7,033,428)
Estimated deficiency/surplus of assets after floating charges		<u>(7,013,634)</u>
Estimated prescribed part of net property		8,698
Total assets available for unsecured creditors		<u>8,698</u>
Unsecured creditor claims		(452,704)
Estimated deficiency as regards non-preferential creditors (excluding any shortfall to floating charge holders)		<u>(444,006)</u>
Shortfall to floating chargeholder		(7,013,634)
Estimated deficiency as regards creditors		<u>(7,457,640)</u>
Issued and called up capital		(57,522,992)
Estimated deficiency as regards members		<u>(64,980,632)</u>

APPENDIX III

RECEIPTS AND PAYMENTS ACCOUNT

ENVIRONMENTAL RECYCLING TECHNOLOGIES PLC - IN ADMINISTRATION

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD 13 JULY 2016 TO 5 SEPTEMBER 2016

	Estimated to Realise - Estimated financial position	For the period 13-Jul-16 to 05-Sep-16
FIXED CHARGE RECEIPTS	£	£
Intellectual property	321,000	321 000
		-
FIXED CHARGE RECOVERIES		
Secured creditor		(297 000)
		-
FIXED CHARGE BALANCE		24,000
FLOATING CHARGE RECEIPTS		
Plant and Machinery	NIL	-
Office furniture and equipment	NIL	-
Book debts	3,300	-
Cash at bank	95	-
Investment	1,000	1,000
VAT Receivable	22,471	-
	347,866	1,000
FLOATING CHARGE PAYMENTS		-
		-
Total (Receipts less Payments)		25,000
Represented by		
Administration current account - non interest bearing		25,000
TOTAL CASH IN HAND		25,000

Simon Harris
Joint Administrator
5 September 2016

£25 000 is currently being held by Rosenblatt and is expected to be transferred to the Administration bank account between the dates of the proposal is dispatched to members and creditors and receipt of same by members and creditors

APPENDIX IV

ADMINISTRATORS' CHARGE OUT RATES, FEES ESTIMATE, DISBURSEMENT POLICY AND NARRATIVE

Joint Administrators' charge out rates

The Joint Administrators are seeking to be remunerated on a time cost basis. Charge-out rates used are appropriate to the skills and experience of a member of staff and the work that they perform. Time is recorded in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work.

This document provides an estimate as to how much time the Administrators and their staff will spend undertaking specific tasks, and the costs of undertaking such work. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work.

The estimated costs have been divided by the estimated hours required to arrive at an average hourly charge out rate for that category of work. The hourly charge-out rates used on this case are as follows:

Staff grade	Rate per hour (£)
Principal	510
Director	415
Senior Manager	395
Manager	340
Assistant Manager	305
Senior Administrator	255
Administrator	195
Junior Administrator	145

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Partners Limited.

Fee estimate

	Partner	Director	Senior Manager	Manager	Senior Administrator	Administrator	Junior Administrator	Total hours	Total time costs
Charge out rates £	£510.00	£415.00	£395.00	£340.00	£255.00	£195.00	£145.00		
ADMINISTRATION AND PLANNING									
Description of the tasks to be undertaken in this category of work									
Case planning and monitoring									
Case planning devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case			5.70			1.30		7.00	£2,505.00
Setting up physical/electronic case files (as applicable)						0.50		0.50	£97.50
Setting up the case on the practice's electronic case management system and entering data									£0.00
Undertaking periodic reviews of the progress of the case			1.00					1.00	£395.00
Overseeing and controlling the work done on the case by case administrators			1.00					1.00	£395.00
Reporting to creditors									£0.00
Issuing the statutory notifications to creditors and other required on appointment as office holder including gazetting the office holder's appointment (as applicable)						1.00		1.00	£195.00
Preparation of proposals					7.00			7.00	£1,785.00
Convening and holding general meetings of creditors and members (as applicable)									£0.00
Preparing reviewing and issuing annual progress reports to creditors and members (as applicable)					3.00			3.00	£765.00
Preparing reviewing and issuing final reports to creditors and members (as applicable)					3.00			3.00	£765.00
Compliance matters									£0.00
Obtaining a specific penalty bond					1.00	1.00		2.00	£490.00
Reviewing the adequacy of the specific penalty bond on a quarterly basis					0.50	0.50		1.00	£225.00
Correspondence with creditors									£0.00
Dealing with all routine correspondence and emails relating to the case				0.70	4.00	6.00	3.40	14.10	£2,921.00
Cashiering									£0.00
Opening maintaining and managing the office holder's estate bank account (delete if not applicable)									£0.00
Creating maintaining and managing the office holder's cashbook					1.00	0.80		0.80	£150.00
Undertaking regular bank reconciliations of the bank account containing estate funds						0.50		1.50	£352.50
Filing documents with Companies House / Court									£0.00
Filing returns at Companies House and/or Court (as applicable)					1.00	1.50		2.50	£547.50
Filing final returns at Companies House and/or Court (as applicable)					1.00			1.00	£255.00
General administration									£0.00
Arranging suitable insurance over assets							0.60	0.60	£117.00
Regularly monitoring the suitability and appropriateness of the insurance cover in place					1.00			1.00	£255.00
Preparing and filing VAT returns (delete if not applicable)					3.00			3.00	£765.00
Preparing and filing Corporation Tax returns (delete if not applicable)					1.00			1.00	£255.00
Seeking closure clearance from HMRC and other relevant parties					2.00			2.00	£510.00
INVESTIGATIONS									
Description of the tasks to be undertaken in this category of work									
D return preparation									£0.00
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act (delete if not applicable)					8.00			8.00	£2,040.00
General investigation									£0.00
Recovering the books and records for the case					2.00			2.00	£510.00
Listing the books and records recovered					0.50			0.50	£127.50
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties such as the bank accountants solicitors etc					8.00			8.00	£2,040.00
Other investigation									£0.00
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors					2.40			2.40	£612.00

Environmental Recycling
Technologies PLC
Administrators' proposals
5 September 2016

REALISATION OF ASSETS					£0 00
Description of the tasks to be undertaken in this category of work					£0 00
Book debt recoveries					£0 00
Corresponding with debtors and attempting to collect outstanding book debts					£0 00
		2 00		2 00	£510 00
Liasing with the bank regarding the closure of the account					£0 00
		1 00		1 00	£255 00
Sale of business / assets					£0 00
Instructing agents to value business assets					£0 00
		0 50		0 50	£197 50
Liasing with agents to realise assets					£0 00
	5 70	1 80		7 50	£3 616 00
Instructing solicitors to assist in the realisation of assets					£0 00
Marketing campaign, teaser, dealing with interested parties and updated schedule					£0 00
			9 90	9 90	£1 930 50
Property - freehold and leasehold					£0 00
Registering a caution in respect of freehold property owned by the debtor/company (where applicable)					£0 00
Obtaining details from mortgagees about debts secured over the debtor/company's freehold/leasehold property (where applicable)					£0 00
Determining the joint owner's/spouse's interest in the freehold/leasehold matrimonial home (delete if not applicable)					£0 00
Instructing solicitors to assist in the realisation of the freehold/leasehold property (where applicable)					£0 00
Liasing with the secured creditors over the realisation of the assets subject to a mortgage or other charge					£0 00
		2 50		2 50	£987 50
Preparations of teaser document and dealing with interested parties					£0 00
		18 20	4 80	23 00	£8 621 00
CREDITORS					£0 00
Description of the tasks to be undertaken in this category of work					£0 00
Employees					£0 00
Obtaining information from the case records about employee claims					£0 00
		2 00		4 00	£1 180 00
Completing documentation for submission to the Redundancy Payments Office					£0 00
			3 00	4 50	£802 50
Corresponding with employees regarding their claims					£0 00
		1 00	2 80	3 80	£801 00
Liasing with the Redundancy Payments Office regarding employee claims					£0 00
		1 00	1 00	2 00	£450 00
Unsecured creditors					£0 00
Dealing with creditor correspondence - emails and telephone conversations regarding their claims					£0 00
	0 80	0 30	3 00	10 00	£3 172 50
Maintaining up to date creditor information on the case management system					£0 00
			1 00	3 90	£1 015 50
Secured creditors					£0 00
Liasing with secured creditors					£0 00
		1 50		1 50	£502 50
Claim agreement and distributions					£0 00
Issuing a notice of intended dividend and placing an appropriate gazette notice					£0 00
Reviewing proofs of debt received from creditors - adjudicating on them and formally admitting them for the payment of a dividend					£0 00
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims					£0 00
Calculating and paying a dividend to creditors - and issuing the notice of declaration of dividend					£0 00
Paying tax deducted from the dividends paid to employees					£0 00
STATUTORY					£0 00
Statutory paperwork/form completion					£0 00
	0 60	4 00		3 00	7 60
Filing documents with CHV Court					£2,471 00
				1 70	1 70
Reporting to creditors					£246 50
		2 00	4 00	3 30	9 30
TOTAL					£2,453 50
					£48,545 50

Disbursement policy

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling (non-mileage), postage, photocopying, statutory advertising and other expenses made on behalf of the assignment

Indirect charges (Category 2 disbursements) require separate approval and the basis of charging these is as follows

- Photocopying 20 pence per sheet
- Mileage 45 pence per mile

Narrative of work carried out

Pre-appointment

- Reviewing the Company's financial position and affairs
- Liaising with the Company's directors' regarding appointment documentation
- Meetings with the directors' and secured creditor regarding options available
- Reviewing the security position of secured creditors
- Planning internally for the appointment
- Liaising with the secured creditor regarding appointment
- Speaking to interested parties regarding the sale of the Company's assets

Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on Insolv
- Case bordereau
- Case planning and Administration
- Liaising with directors' regarding various matters (non-investigation)
- Ensuring statutory lodgements and tax lodgement obligations are met

Creditors

- Dealing with creditor correspondence and telephone conversations
- Preparing reports to members and creditors
- Maintaining creditor information on Insolv
- Liaising with the secured creditor

Realisation of Assets

- Corresponding with the secured creditor
- Liaising with the Company's bank regarding the closure of the account and setting up a new Administrators' account
- Gathering information regarding the Company's outstanding book debts
- Dealing with the realisation of the Company's assets

Statutory duties

- Dealing with statutory issues required under the Insolvency Act 1986, the Insolvency Rules 1986 and the Statements of Insolvency Practice
- Compiling reports pursuant to legislation such as the Bribery Act 2010 & Money Laundering Regulations 2007 and standard checklists
- Reporting to members, creditors, employees and other stakeholders, and
- Filing documents with the Registrar of Companies and Court

APPENDIX V

SCHEDULE OF POST-APPOINTMENT TIME COSTS

A schedule of the Administrators' post-appointment time costs to 31 August 2016 is below

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration & Planning									
Case planning / monitoring			2 10	829 50	1 30	295 50	3 40	1 125 00	330.88
Cashiering					1 50	252 50	1 50	252 50	168.33
Reporting					1 50	292 50	1 50	292 50	196 00
Compliance / technical			-		11 20	2 054 00	15 50	3 714 00	239 61
General administration			4 30	1 660 00					
			6 40	2 489 50	15 50	2 894 50	21 90	5 384 00	245 84
Creditors									
Secured	-								
Preferential									
Unsecured	-		1 20	457 50	7 70	1 461 50	8 90	1 919 00	215 62
Employees	-		2 00	790 00	10 50	2 047 50	12 50	2 837 50	227 00
Shareholders							7 00	1 365 00	
Creditors committee	-								
			3 20	1 247 50	18 20	3 509 00	28 40	6 121 50	215 55
Investigations									
General investigation					0 40	102 00	0 40	102 00	255 00
D returns									
Other investigation					7 00	1 785 00	7 00	1 785 00	255 00
Preparing / submitting D Report									
Legal action					7 40	1 887 00	7 40	1 887 00	255 00
Realisation of Assets									
Book debts									
Sale of business / assets	5 70	2 907 00	27 30	10 519 50	9 70	1 891 50	42 70	15 318 00	358 74
Property freehold and leasehold									
Retention of title					0 20	39 00	0 20	39 00	195 00
Other assets									
	5 70	2 907 00	27 30	10 519 50	9 90	1 930 50	42 90	15 357 00	357 97
Statutory									
Statutory paperwork / form completion	0 60	306 00	3 30	1 303 50	5 40	1 053 00	9 30	2 662 50	286 29
Filing documents with CH / Court			0 70	276 50	1 70	246 50	2 40	523 00	217 92
Reporting to creditors					3 70	871 50	3 70	871 50	235 54
	0 60	306 00	4 00	1 580 00	10 80	2 171 00	15 40	4 057 00	263 44
Total hours and cost	6 30	3 213 00	40 90	15 836 50	61 80	12 392 00	116 00	32 806 50	282 81

APPENDIX VI

SCHEDULE OF PRE-APPOINTMENT TIME COSTS

A summary of the Administrators' pre-appointment time costs to 12 July 2016

	PARTNER / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Advisory	4.20	2,142.00					4.20	2,142.00	510.00
Pre Appointment	6.40	3,242.00	17.30	6,833.50		-	23.70	10,075.50	425.13
	10.60	5,384.00	17.30	6,833.50		-	27.90	12,217.50	437.90

APPENDIX VII

PROOF OF DEBT – GENERAL FORM

ENVIRONMENTAL RECYCLING TECHNOLOGIES PLC- (IN ADMINISTRATION)	
Date of administration 13 July 2016	
1	Name of creditor (If a company please also give company registration number)
2	Address of creditor for correspondence
3	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)
5	If amount in 3 above includes outstanding un-capitalised interest please state amount £
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
7	Particulars of any security held, the value of the security, and the date it was given
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates
9	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor
	Address of person signing (if different from 2 above)
For Administrators' Use only	
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Joint Administrator	Joint Administrator