

Rule 2.33

Form 2.17B

The Insolvency Act 1986

Statement of Administrator's 2.17B Proposals

Name of Company:
Energy Exhausts Limited

Company number:
03870697

In the:
High Court of Justice, Chancery
Division, Birmingham District
Registry

[full name of court]

Court case number:
9641 of 2008

(a) Insert full name(s)
and address(es) of
administrator(s)

We, (a) W John Kelly of Begbies Traynor, Newater House, 11 Newhall Street,
Birmingham, B3 3NY and John A Lowe of Begbies Traynor, The Crescent, King
Street, Leicester, LE1 6RX

attach an amended copy of our proposals in respect of the administration of the
above company.

The original proposals were sent to all known creditors on

(b) Insert date

(b) 15 January 2009

Signed: 

Joint / Administrator(s)

Dated: 19 January 2009

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.

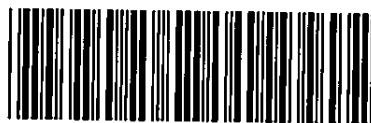
Helen Taylor

Begbies Traynor, Newater House, 11 Newhall Street, Birmingham, B3 3NY

Tel: 0121 200 8150

Fax Number: 0121 200 8160

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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20/01/2009

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COMPANIES HOUSE

TUESDAY

Rule 2.37

Form 2.21B

Creditor's request for a meeting

Name of Company:
Energy Exhausts Limited

Company number:
03870697

In the:
High Court of Justice, Chancery
Division, Birmingham District Registry
[full name of court]

Court case number:
9641 of 2008

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

I, (a)

request a meeting of the creditors of

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

(b) Energy Exhausts Limited, Newater House, 11 Newhall Street, Birmingham B3 3NY

(c) Insert amount of claim

My claim in the administration is (c)

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

(d)

(e) Insert details of the
purpose of the meeting

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

The purpose of the meeting is (e)

Signed: _____

Dated: _____

W John Kelly, John A Lowe and Robert M Young appointed joint administrators on 20 November 2008

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents.

Energy Exhausts Limited (In Administration)

Report and Proposals of the joint administrators under the provisions of Paragraph 49 of Schedule B1 to the Insolvency Act 1986

Contents

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of administrators
- ☐ Circumstances giving rise to the appointment of administrators
- ☐ The administration period
- ☐ The joint administrators' proposals
- ☐ Statement of affairs
- ☐ Conclusion
- ☐ Appendices
 - 1. Joint administrators' account of receipts and payments, incorporating estimated outcome for creditors
 - 2. Directors' estimated statement of affairs
 - 3. Joint administrators' time costs and expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Energy Exhausts Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 20 November 2008
"the joint administrators"	W John Kelly of Begbies Traynor, 4th Floor, Newwater House, 11 Newhall Street Birmingham B3 3NY, John A Lowe of Begbies Traynor, Newwater House, 11 Newhall Street, Birmingham B3 3NY and Robert M Young of Begbies Traynor, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP
"the Act"	The Insolvency Act 1986, as amended
"the Rules"	The Insolvency Rules 1986, as amended
"the creditors"	All preferential creditors and all unsecured creditors
"preferential creditor"	Any creditor of the Company whose claim is preferential within Section 386 of the Insolvency Act 1986 as at 20 November 2008 being the date the Company entered administration.
"unsecured creditor"	Any person (other than a preferential creditor) who has, or claims to have, any claim against the Company (whether the claim be present, future or contingent or prospective and whether liquidated or for damages and whether arising in contract or tort or otherwise) in connection with or arising from any matter occurring prior to 20 November 2008.

2. STATUTORY INFORMATION

Date of Incorporation:	3 November 1999
Company registered number:	03870697
Registered office:	Newater House, 11 Newhall Street, Birmingham B3 3NY
Trading address:	Unit 17A Airfield Industrial Estate, Hixon, Stafford ST18 0PF
Principal business activities:	Manufacture of exhausts for OEM and aftermarket
Trading names:	Energy Exhausts
Former Trading name:	Whitley Services Limited
Directors:	John Boole Edward Hopkins Liam Meadows
Company Secretary:	Mary Boole
Auditors:	RSM Bentley Jennison
Share capital:	£100
Shareholders:	John Boole Liam Meadows Susan Millward Geoffrey Wilson

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Name(s) of joint administrator(s):	W John Kelly, Partner and Licensed Insolvency Practitioner of Begbies Traynor, 4th Floor, Newater House, 11 Newhall Street Birmingham B3 3NY, John A Lowe, Director and Licensed Insolvency Practitioner of Begbies Traynor, 4th Floor, Newater House, 11 Newhall Street Birmingham B3 3NY and Robert M Young, Partner and Licensed Insolvency Practitioner of Begbies Traynor, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP
Date of administrators' appointment:	20 November 2008
Court:	High Court of Justice - Birmingham, 9641 of 2008
Person(s) making appointment / application:	Qualifying floating charge holder - Barclays Bank Plc
Acts of the joint administrators:	The joint administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency:	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of:
- (a) rescuing the company as a going concern, or
 - (b) achieving 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
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to subparagraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in subparagraph (1)(a) unless he thinks either:
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in subparagraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in subparagraph (1)(c) only if:
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in subparagraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

Energy Exhausts Limited ("the Company") was incorporated in November 1999. It is a main OEM of exhausts parts / equipment for JCB, certain tier 2 suppliers to the automotive industry and the after-market.

The after-market exhausts were being supplied to a large buying group UKPA, however, with the rise in commodity prices and transport costs, the Company was faced with significant pressure to reduce prices.

This was further exacerbated by a reduction in demand which resulted in production levels falling to the stage that the after-market business became unsustainable and threatened the viability of the business.

The Company originally approached the bank for short term support to facilitate the withdrawal from the after-market trade, dispose of assets / stock (to fund redundancies).

Since that approach to the Bank there was a further sharp deterioration in UKPA demand and the internal restructuring within JCB resulted in a significant reduction in the demand for their OEM product.

The managing director, John Boole resurrected previous discussions with a fellow competitor, about the possibility of joining forces. The outcome of which resulted in an offer from them to buy the after-market and OEM trade.

The fundamental to the success of a sale was the ongoing support of JCB which they had initially given. However, following discussions with JCB it soon became apparent that they were seeking

to source certain key products directly from India, products which are already supplied by the Company.

As a result, the competitor concluded that the opportunity was no longer worth pursuing.

Given the working capital pressures, the directors concluded that the Company would not be able to trade through its difficulties and on a cash flow basis were unable to pay its debts as they fell due.

5. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration to date, incorporating our projected outcome statement.

Trading

Following our appointment on 20 November 2008 we attended the Company's premises and consulted with the directors and management to assess the work in progress position to determine a short term trading strategy for the business.

Our strategy was to take immediate control of the operations at Stafford and maintain trading under the protection of the Administration Order, in order to maximize work in progress realizations, protect the debtor book and to establish whether a going concern sale could be achieved in order to maximize realisations.

The Company's bankers agreed to provide overdraft facilities to the Administrators to assist with the trading costs of the Administration.

The Company employed 42 people all of whom were subject to redundancy notices, following the directors' decision to wind down trading.

The decision to continue to trade resulted in some of the redundancy notices being retracted by consent to ensure there were sufficient resources to complete the work in progress. As work in progress levels diminished further redundancies were implemented accordingly.

We are currently projecting a trading loss which has arisen largely as a result of the arrears of wages relating to the November payroll that were met shortly after our appointment. However, this payment has significantly reduced the level of preferential claims.

Trading has been difficult with certain key supplier of components demanding that their arrears are discharged before continuing to supply or insisting payment on a pro forma basis. We have attempted to resist the majority of these ransom payments.

To date 36 redundancies have been made leaving 6 employees who have been retained to assist with the sale of the remaining stock and plant & machinery.

Sale of Business

Immediately on appointment we advertised the business for sale in the Financial Times and an industry journal. Significant interest was received from approximately 40 parties and sales information packs were sent out.

A deadline of 12 December 2008 was set to receive offers for the business and assets from all parties who had expressed a serious interest.

Unfortunately the day before the deadline it became apparent that the main customer JCB had signed an agreement to transfer all Exhausts business to a competitor (that same party earlier). As a result all interest fell away and no offers were received.

Plant and Machinery, Office equipment/fixtures & fittings

In the absence of any interest for the business as a going concern, a decision was taken to wind down trading. Hilco Appraisal Europe, our valuation agents have been instructed to arrange a formal sale of the plant and machinery via an on-site / online auction which is anticipated to take place in mid-February.

Book Debt Realisations

The sales ledger at appointment totalled some £756k and this was invoice discounted through Barclays Sales Finance. Collections to date are approximately £198k. We have instructed debt collection agents, JP Associates, to assist with collection exercise on a "non win, no fee" basis.

Freehold Property

The property comprises a 94,000 sq ft single storey industrial / warehouse unit which is located on an established industrial estate, the property is not of a specialist nature.

Following our appointment we instructed property agents, King Sturge to attend site to advise on valuation and formulate a disposal strategy.

6. JOINT ADMINISTRATORS' PROPOSALS

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve the objective specified in subparagraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(b), namely achieving 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).

We consider that being able to continue to trade in the context of an administration as an alternative to an immediate cessation of trade and liquidation of the Company has enabled us to enhance asset realisations (conversion of work in progress and collection of the debtor book) and hence the recovery prospects for the secured and the preferential creditors.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are:

- Sale of the Company's assets (freehold property and plant & machinery)
- Continue the collection of the remaining book debts
- Settle all the trading liabilities and recover trading debts.

Following these events we propose to finalise distributions to the secured and preferential creditors.

Exit from Administration

1. Creditors' Voluntary Liquidation (CVL)

We are of the opinion that a distribution may be made to the unsecured creditors of the Company¹ by virtue of the prescribed part.

However as administrators we do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the company will automatically be placed into creditors voluntary liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

If it transpires that the Company needs to be placed into CVL, we confirm that as part of our proposals we seek nomination as liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors approval, with or without modification, of the administrators' proposals.

2. Dissolution

If it subsequently transpires that the Company will have insufficient property to enable a distribution to be made to unsecured creditors then we would propose that the Company should be dissolved without first entering CVL. Consequently, as soon as we were satisfied that we had fully discharged our duties as administrators and that the purpose of the administration had been fully achieved, we would propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the company.

3. Contingency plan – Extending the administration

Furthermore, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the realisation of the freehold property. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for

¹ Insolvency Act 1986, Sch B1, para 83(1)

up to a further 6 months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Section 176A Fund for Unsecured Creditors

Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realisation). The *prescribed part* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part* if:

- ☐ the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ he applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Rule 2.33 of the Rules requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

On current information, we are of the view that the cost of distributing the *prescribed part* would be disproportionate to the benefit and therefore do not propose to set aside the *prescribed part*.

Administrators' Remuneration

The joint administrators propose to be remunerated on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Total time spent to date on this assignment amounts to 444 hours at an average composite rate of £228 per hour resulting in total time costs to date of approx £101,000.

To assist creditors in determining this matter, the following further information as regards time costs and expenses is set out at Appendix 3:

- ☐ Begbies Traynor policy for re-charging expenses
- ☐ Begbies Traynor charge-out rates
- ☐ Narrative summary of time costs incurred and summary by staff grade and work activity

In addition to the information provided at Appendix 3, a copy of the creditors' guide to Administrators' fees is available on request. Alternatively, the guide can be downloaded from http://www.begbies-traynor.com/uploads/documents/jul_08/bt_1215095179_ADM_9503.doc

In the absence of an initial meeting of creditors (see section 8, below) and the establishment of a creditors' committee, the joint administrators' remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2.106 (5A).

7. STATEMENT OF AFFAIRS

The directors' estimated statement of affairs as at 20 November 2008 is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

Our comments on the estimated statement of affairs, which has been signed by Mr Boole (the other directors have submitted statements of concurrence), can be found in the pages that follow.

8. CONCLUSION

The joint administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of section 176A(2)(a)).

In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the joint administrators' proposals is disapplied by paragraph 52(1). The joint administrators are therefore not empowered to summon such a meeting unless creditors, whose debts amount to at least 10% of the total debts of the Company, requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 12 days of the date on which the administrators' statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the administrators security for their payment. If no such meeting is held, then by Rule 2.33(5), the joint administrators' proposals are deemed to have been approved by the creditors.

In the absence of an initial creditors' meeting I will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



W John Kelly
Joint Administrator

Date: 15 January 2009

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS
AND PAYMENTS, INCORPORATING ESTIMATED
OUTCOME FOR CREDITORS

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period 20 November 2008 to 9 January 2009

Estimated to realise per Statement of Affairs £'000's		Receipts & Payments to date £'000's	Estimated Future Receipts / Payments £'000's	Projected Outcome £'000's
ASSETS SPECIFICALLY PLEDGED				
374	Book Debts	198	290	488
	Less: Debt collection fees	-	(20)	(20)
	Less: Due to Barclays Sales Finance	(198)	(249)	(447)
	Book Debt surplus c/fwd	0	21	21
150	Plant and Machinery	-	180	180
	Less: Due to Barclays Asset Finance	-	(180)	(180)
		0	0	0
120	Plant and Machinery	-	104	104
	Less: Due to Lombard	-	(104)	(104)
		0	0	0
1,400	Freehold Property	-	1,250	1,250
	Book Debt surplus b/fwd	-	21	21
		0	1,313	1,313
Realisation Expenses				
	Administrators' fees	-	(24)	(24)
	Administrators' disbursements	-	(1)	(1)
	Agents Fees (valuation)	-	(1)	(1)
	Agents Fees (sale)	-	(15)	(15)
	Agents Fees (marketing)	-	(13)	(13)
	Legal fees	-	(11)	(11)
	Insurance	-	(6)	(6)
	Net Realisations	0	1,242	1,242
	Fixed charge holder - Barclays Bank Plc	-	(1,363)	(1,363)
	Surplus / (Shortfall) as regards fixed charge holder (c/fwd)	0	(121)	(121)
ASSETS NOT SPECIFICALLY PLEDGED				
370	Plant / Machinery / Office Equipment	-	340	340
	Trading surplus / (deficit)	(27)	(27)	(54)
	Scrap Metal	-	5	5
		(27)	318	291
Payments				
	Administrators' fees	-	(130)	(130)
	Administrators' disbursements	-	(2)	(2)
	Administrators' pre-appointment fee	-	(4)	(4)
	Agent's fees (valuation)	-	(6)	(6)
	Agent's fees (marketing)	-	(20)	(20)
	Provision for Rentention of Title claims	-	(10)	(10)
	Insurance	-	(3)	(3)
	Legal fees	-	(5)	(5)
	Professional Costs - Employee related	-	(8)	(8)
	Sale of business advert	-	(3)	(3)
	Statement of Affairs	-	(4)	(4)
	Tax fees	-	(2)	(2)

Available for preferential creditors	<u>(27)</u>	<u>121</u>	<u>94</u>
Arrears of wages and holiday pay - estimated	-	(53)	(53)
Net property	<u>(27)</u>	<u>68</u>	<u>41</u>
Prescribed part of net property set aside for unsecured creditors	-	-	-
Available for floating charge holder	<u>(27)</u>	<u>68</u>	<u>41</u>
Floating charge holder - Barclays Bank Plc (b/fwd)	-	(121)	(121)
	<u>(27)</u>	<u>(53)</u>	<u>(80)</u>

Summary of outcome for unsecured creditors:

Fixed charge	-
Prescribed part of net property set aside for unsecured creditors	-
Less: costs associated with prescribed part	-
Floating charge	-
Estimated available funds to unsecured creditors	<u>-</u>

Given that the cost of distribution will be disproportionate to the benefit, the administrator will not be required to set aside the prescribed part .

JOINT ADMINISTRATORS' ACCOUNT OF TRADING RECEIPTS AND PAYMENTS

Period 20 November 2008 to 9 January 2009

	Receipts & Payments to date £'000's	Anticipated Receipts & Payments £'000's	Projected Outcome £'000's
Income			
Administrators Sales	87	190	277
Less: provision for doubtful debts	-	(19)	(19)
	87	171	258
Expenditure			
Direct Costs	-	(50)	(50)
Salaries	(45)	(23)	(68)
PAYE / NIC	-	(24)	(24)
Utilities	-	(20)	(20)
Rates	-	(20)	(20)
Insurance	-	(4)	(4)
Equipment Rentals	-	(7)	(7)
Debt collection	-	(5)	(5)
Sundry / Other	-	(10)	(10)
Wage Arrears	(69)	(30)	(99)
Carriage	-	(5)	(5)
	(27)	(27)	(54)

DIRECTOR'S ESTIMATED STATEMENT OF AFFAIRS

As at 20 November 2008

Energy Exhausts Limited

A- Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Land & Buildings net of bank borrowings	435,533	30,533
Assets held on HP financed by Barclays <i>Asset Finance net of</i> outstanding finance	81,594	31,298
Assets held on HP financed by Lombard net of outstanding finance	73,771	26,150
	<u>155,365</u>	<u>57,448</u>
Trade debtors net of invoice discounting balance	400,799	373,763
Assets subject to a floating charge:		
Other Fixed Assets	1,074,547	370,382
Finished Goods	346,197	59,239
Directors Loan Accounts	23,310	23,310
HM Revenue & Customs - S419 Tax	1,052	1,052
Wages Advances	3,029	-
A Smith Loan	5,000	-
Energy OEM Limited	64,372	-
Bank balance held at HSBC Bank PLC	32	32
Raw Materials	131,685	38,337
	<u>2,640,921</u>	<u>954,096</u>
Estimated total assets available for preferential creditors	2,640,921	954,096

Signature  Date 15/12/08

Energy Exhausts Limited

A1- Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)		954,096
Liabilities		
Preferential Creditors:		
Unpaid wages (inc. holiday pay)	45,103	
Unpaid pension contributions	<u>7,925</u>	(53,028)
Estimated deficiency/surplus as regards preferential creditors		<u>901,068</u>
Estimated prescribed part of net property where applicable (to carry forward)		(183,214)
Estimated total net assets available for floating charge holders		<u>717,854</u>
Floating charge holders		-
Estimated deficiency/surplus of assets after floating charges		<u>717,854</u>
Estimated prescribed part of net property where applicable (brought down)		183,214
Total assets available to unsecured creditors		<u>901,068</u>
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
HM Revenue & Customs - VAT	269,714	
HM Revenue & Customs - PAYE/NIC	106,557	
Unpaid wages	23,001	
ACS Technology Limited	11,848	
Trade Creditors	527,137	
Energylazer Limited	56,698	
Energy OEM Limited	41,925	
Balances due to charities - collected on behalf of employees	307	
Loan from G Wilson, former employee	700	
Court orders	877	
Barclays Asset Finance	80,340	
Lombard Finance	2,558	
Pay in Lieu of Notice	110,175	
Redundancy	6,755	
		<u>(1,238,592)</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		<u>(337,524)</u>
Estimated deficiency/surplus as regards creditors		
Issued and called up capital		100
Estimated total deficiency/surplus as regards members		<u><u>(337,624)</u></u>

Signature

Date

15/12/05

Energy Exhausts Limited
Estimated Asset Realisation Statement as at 20 November 2008

Notes

1	Land and buildings net of Barclays Bank PLC borrowings	Book value		Estimate to realised	
		£	£	£	£
	Land and buildings		1,805,000		1,400,000
	Barclays loan	(919,984)		(919,984)	
	Barclays overdraft	(430,343)		(430,343)	
	Barclays uncharged interest	(7,000)		(7,000)	
	Other loan re Apple computer purchases	(12,140)		(12,140)	
	Total borrowings		(1,369,467)		(1,369,467)
			<u>435,533</u>		<u>30,533</u>
2	Assets held under HP by Barclays Bank PLC	Book value		Estimate to realised	
			Equity		Equity
		£	£	£	£
	Addison Tube Bender (HP - Barclays)	116,621		92,000	
	Less HP liability due	(60,702)		(60,702)	
			55,919		31,298
	TWR Wire Bending Machine (HP - Barclays)	16,193		2,500	
	Less HP liability due	(6,272)		(6,272)	
			9,921		(3,772)
	Rhodes Saxon Press (HP - Barclays)	110,934		50,000	
	Less HP liability due	(95,180)		(95,180)	
			15,754		(45,180)
	TWR Pierce & Raise (HP - Barclays)	11,270		5,000	
	Less HP liability due	(36,388)		(36,388)	
			(25,118)		(31,388)
			<u>81,594</u>		<u>31,298</u>
			(25,118)		(80,340)
3	Assets held under HP by Lombard	Book value		Estimate to realised	
			Equity		Equity
		£	£	£	£
	Mercedes Vans (HP - Lombard)	70,915		54,000	
	Less HP liability due	(49,293)		(49,293)	
			21,622		4,707
	Twin Head Pierce & Raise (HP - Lombard)	42,952		20,000	
	Less HP liability due	(5,089)		(5,089)	
			37,863		14,911
	Addison Databend (HP - Lombard)	41,650		40,000	
	Less HP liability due	(33,468)		(33,468)	
			8,182		6,532
	Kaltenbach (HP - Lombard)	14,662		6,000	
	Less HP liability due	(8,558)		(8,558)	
			6,104		(2,558)
			<u>73,771</u>		<u>26,150</u>
			-		(2,558)
4	Trade debtors net of invoice discounting balance	Book value		Estimate to realised	
		£	£	£	£
	Trade debtors	762,821		735,885	
	Balance due to Barclays Mercantile Business Finance Limited	(362,122)		(362,122)	
			<u>400,699</u>		<u>373,763</u>

ENERGY EXHAUSTS AGED CREDITOR @ 20TH NOVEMBER 2008

Name of creditor or claimant	Address	Postcode	Balance £	Details of security held by creditor	Date security given	Value of security £
Nidram Limited	1 Triangle Business Park, Stoke Mandeville, Bucks	HP22 5BL	197			
Abrian Tools Limited	Unit 14D, Raleigh Hall Industrial Estate, Eccleshall, Staffordshire	ST21 6JL	1,830			
Addison Tube Forming Ltd	118 Brookirk Place Wallon Summit Centre, Bamber Bridge, Preston, Lancashire	PR5 8AJ	112			
Aford Rent-a-Car	Newcastle Street, Stone, Staffordshire	ST15 8JU	3,701			
Alternative Business Solutions	3 Des Roches Square, Wilney, Oxon	OX28 4LQ	68			
Arnollec Ltd	United Flexible, Abercrombie, Merthyr Tydfil	CF48 1UX	3,888			
Apparelmaster (UK)	Holly Road, Uttoxeter Road, Staffordshire	ST14 7LY	7,904	Retention of title	Purchase date	2,000.00
Artflex	Old Bank Mill, Ball Haye Road, Leek, Staffordshire	ST13 8AR	44			
ARC Welding Supplies Repairs	Unit 9, Palmbourne Industrial Park, Castle Street, Stafford, Staffordshire	ST16 2TB	552			
Autogem Motor Concepts LLP	Unit 6 Space Business Park, Abbey Road, Park Royal, London	TS17 0YG	1,857			
Barclaycard	Company Barclaycard Corporate, PO Box 3000, Teesdale Business Park, Stockton-on-Tees	HP12 3TZ	1,426			
Biffa Waste Services Limited	Coronation Road Cressex, High Wycombe, Buckinghamshire	WS2 8LF	12,371			
Birchills Automotive Limited	Birchills Trading Estate, Green Lane, Walsall, West Midlands	M28 4US	2,801			
BOC Ltd	National Accounting Centre, Department W2, PO Box 5, Worsley	S97 3DA	58			
B&Q Warehouse	Time Retail Finance, Selectpost 18, Rotherham, Yorkshire	M23 8NE	156			
BSL Brammer Ltd	Claverdon Court, Claverdon Road, Wythenshawe, Manchester	SL1 4SY	868			
Toyota Material Handling UK Limited	706 Surfing Road Trading Est, Slough Trading Estate, Slough, Berkshire	CV3 4ZW	34			
Buck & Hickman	Credit Management Department, PO Box 3613, Coventry, Warwickshire	B69 4PF	72,101	Retention of title	Purchase date	19,000.00
Caparo Precision Tubes	P.O. Box 13, Popes Lane, Oldbury, West Midlands	B10 5NL	1,965			
CAP Productions Ltd	Ken Swart, The Crescent, Hockley, Birmingham, West Midlands	ST10 0PY	75			
Central Fasteners	Altrifield Industrial Estate, Hixon, Staffordshire	ST4 1JP	373			
CES Stoke T/A Silencer Services	Registry Street, Stoke-on-Trent, Staffordshire	SK4 1PO	1,020	Retention of title	Purchase date	1,000.00
Clampco UK	Unit 5, Hammond Avenue, Whitnall Ind Estate, Stockport, Greater Manchester	CH65 3BS	234			
Complete Handling Ltd	Unit 5, Rossfield Road, Rossmore Industrial Estate, Ellesmere Port, Cheshire	GU14 7LP	7,162	Retention of title	Purchase date	7,100.00
Composite Reinforcements UK Ltd	Westmead House, Westmead, Farnborough, Hampshire	B85 5TU	188			
Cristel Ltd	Unit 3 Lane Side, Metcalf Drive, Alham Ind Estate, Accrington, Lancashire	WA1 4RE	1,072			
Direx Exhausts	Unit 14, Chestford Grange, Walsden, Warrington	ST15 8JU	575			
Direx Recruitment	Somerfield Place, 52 High Street, Stone, Staffordshire	WA9 4TU	12,348			
EEC Catalyst Ltd	Units 2 & 3, Parklands Industrial Estate, Forest Road, Denmead, Hampshire	PO7 6TJ	6,375			
ESS Packaging Ltd	Unit 10, Jupiter Business Park, Airfield Ind Estate, Hixon, Staffordshire	ST18 0PF	831			
Fuchs Lubricants	Unit 10, Jupiter Business Park, Airfield Ind Estate, Hixon, Staffordshire	ST1 5HU	1,275			
FVB Products Limited	New Century Street, Hanley, Staffordshire	ST4 4JE	377			
Global Hygiene Ind Supplies	Whalidon Road, Stoke-on-Trent, Staffordshire	ST15 0SP	375			
HF LIT Trucks Limited	Cold Mease Estate, Swynnerton, Staffordshire	ST15 8JU	3,605			
HG Rewinds	Old Jukes Works, Newcastle Street, Stone, Staffordshire	ST1 4AY	575			
Hi Tech Steel Services Ltd	Mount Pleasant, Hanley, Staffordshire	WA9 4TU	12,348			
Hixon Airfield Services	Bold Industrial Park, Nells Road, St Helens, Merseyside	ST18 0PF	5,550			
Ian Smith Stationers Ltd	The Tower House, Airfield Ind Est, Hixon, Staffordshire	B70 0DJ	257			
Initial Industries Limited	205 Great Bridge Street, West Bromwich, West Midlands	ST10 2NP	38			
Interlink Express Parcels Limited	Draycross Roads, New Haden Ind Estate, Cheadle, Staffs	BS2 8PS	84			
Kirkby Steel Tubes	Trelawney House, Surrey Street, Bristol	WA9 4HU	1,884			
Langbow Limited	222 Walsley Court, Towers Plaza, Wheelhouse Road, Rugeley, Staffordshire	WS15 1UW	343			
Medicircle	PO Box 202, Lincoln, Lincolnshire	LN6 7US	148			
Mottex Fasteners	Spencer Road, Holditch Ind Est, Newcastle-under-Lyme, Staffordshire	ST5 9JB	58			
Midland Welding Supply Limited	Milwell House, Slarley Way, Birmingham International Park, Birmingham, West Midlands	B37 7HF	4,394			
Moore Metals	Victoria Works, Hartshill Road, Stoke-on-Trent, Staffordshire	ST4 6AF	400			
Print-a-Ware	The Printer Warehouse Ltd, Stoke Business Centre,	ST4 1AZ	230			
Pym & Wildsmith	38-40 Liverpool Road, Stoke-on-Trent, Staffs	ST14 8TD	13,065			
RS Components	Bramshall Ind Est, Bramshall, Uttoxeter, Staffordshire	NN17 1UB	90			
Ryeford Engineering Limited	P.O. Box 688, Corby, Northamptonshire	B88 8JZ	2,648			
Safety Klean UK	48 Arthur St., Lakeside, Redditch, Worcestershire	CH4 0BY	840			
Saveguard	Unit 2 Broughton Mill Road, Broughton	SK16 5NB	11,018	Retention of title	Purchase date	8,200.00
Senior Flexonics Automotive Limited	Tame Valley Mill, Park Road, Dukinfield, Cheshire	NP11 3HY	9,504			
Severn Trent Water Limited	9 Willow Close, Penny Fan Industrial Estate	B90 4QW	319			
	P.O. Box 8116, Shilley					

Signature

Date

15/12/08

Shelley Halosown Limited	39 The Old Woodyard Hagley Hall Hagley	DYE 9LQ	1,190	
Stafford Borough Council	Civic Centre Riverside	ST15 3AQ	35,294	
Slay Sharp	14 Goldby Drive	WS10 9LN	4,184	
Steel Services	Hangar 5 New Road	ST18 0PJ	228	
Stockton Engineering	84 Barford Street, Birmingham, West Midlands	B5 6AH	881	
Swalec	Payment Centre, PO Box 70, Havant	PO8 5YR	15,148	
Telephone Maintenance Group Plc	Senate House, Saxon Business Park, Stoke Prior, Bromsgrove, Worcestershire	B60 4AD	3,066	
Top Tubes Ltd	2 Smith Road (off Potters Lane), Wednesbury, West Midlands	WW10 0PD	11,934	
Traction Equipment Stafford Limited	Glover Street, Stafford, Staffordshire	ST16 2NY	53	
TTI Group Limited	Unit 3 Coneygre Ind Estate, Tipton, West Midlands	DY4 8YQ	48	
TWR Design Limited	Oakley, Stubwood, Uttoxeter, Staffordshire	ST14 9HU	34	
UKF Stainless Limited	12 Bunisford Park Road, Bromsgrove, Worcestershire	B60 3DX	5,017	Retention of title
United Bright Bar Ltd	Four Ashes Industrial Estate, Station Road, Four Ashes, Wolverhampton, West Midlands	WV10 7DG	3,453	
Universal Industries	Unit 13 Yarrow Business Centre, Yarrow Road, Chorley, Lancashire	PR8 0LP	3,042	
William Mellard Sons Limited	River Works, Campbell Road, Stoke-on-Trent, Staffordshire	ST4 4RN	346	
WRS Wolverhampton Limited	Unit 10, Crabtree Close, Fenton Industrial Estate, Stoke-on-Trent, Staffordshire	ST4 2SW	2,861	
WP Stainless Limited	Westgate, Aldridge, West Midlands	WS9 8DJ	271	
Firewood Paint & Varnish Co	Victoria Works, Oakenbottom Road, Bolton, Lancashire	BL2 8DP	1,284	
Girdneys Solicitors	Glebe Court, Stoke-on-Trent, Staffordshire	ST4 1ET	1,763	
Premier Electrical	15 Mayer Street, Hanley, Staffordshire	ST1 2JB	67	
Ridgeway Steel & Manufacturing Ltd	Bays 1 & 2B Cookley Wharf, Leys Road, Brookmoor, Brierley Hill, West Midlands	DY5 3UP	76,331	Retention of title
Precision Products Ltd	Unit 1 Cobnar Wood Close, Chesterfield Industrial Estate, Chesterfield	S41 9RQ	886	
Cousins & Whitehouse Ltd	Finch Road, Handsworth, Birmingham, West Midlands	B19 1HN	237	
Momenium Welding Wire Ltd	5 Brooklands Close, Uttoxeter, Staffordshire	ST14 8UH	73	
PHS Group Plc	Western Industrial Estate, Caerphilly	CF83 1XH	988	
Elas	Lancaster House, Old Wellington Road, Eccles, Manchester, Greater Manchester	M30 9QG	2,515	
Freikin Ltd	Freikin House, Torwood Close, Westwood Business Park, Coventry, Warwickshire	CVA 8HX	5,927	
Arval UK Ltd	Arval Centre, Windmill Hill, Swindon	SN5 8PE	6,817	
Hartshome (Potteries) Ltd	Unit 4 Pasturefields, Great Haywood, Staffordshire	ST8 4PB	5,725	
Enze Motors Ltd	Chemical Lane Longport	LA1 5QP	887	
Orange Payment Processing	Unit N5 Lune Industrial Estate, Lancaster, Lancashire	SS9 8LU	14,507	
Venture Business Forms Ltd	Processing Centre, Southend-on-Sea, Essex	SS15 7RH	175	
Bullock and Bosson Ltd	Unit 71 Wimpenny Road, Parkhouse Industrial Estate East, Newcastle-under-Lyme, Staffordshire	ST5 7AS	147	
Aulosmart	Challenge Work, Warrall Bank, Dawley Brook, Kingswinford, West Midlands	DY6 7AS	4,297	
Wireless Logic Limited	Unit 6 Victoria Road, Fenton, Stoke-on-Trent, Staffordshire	ST4 2HS	543	
Belmont Powder Coating Limited	75 Chapel Street, Norton Canes, Staffordshire	WS11 9NX	142	
Clews Tipco UK Limited	Network House, Globe Park, Marlow, Buckinghamshire	SL7 1LY	550	
A.J. Gilbert (Birmingham) Limited	Belmont Farm, Burton-on-Trent, Staffordshire	DE13 8PH	8,674	
HFGL FLT Hire	Unit 20, Maybrook Industrial Estate, Maybrook Road, Brownhills, Staffordshire	WS8 7DG	212	
Teletis Eagle Limited	66-77 Buckingham Street, Birmingham, West Midlands	B19 3HU	528	
CVS UK	PO Box 6227, Basingstoke	RG21 4YQ	458	
Alister Ltd	Dolphin Street, Croydon, Devon	EX26 6LU	155	
Thames Lubricants Ltd	Oakland House, Talbot Road, Old Trafford, Manchester, Greater Manchester	M16 0PQ	3,157	
Shropshire Wedding Supplies Ltd	Holly Lodge, Walerend Road, Beacons, Bucks	HP14 3XF	5,783	
GPT Seals	Gamer Street, Stoke-on-Trent, Staffordshire	ST4 7DE	275	
Charity Service	Unit A10, Stafford Park 15, Telford, Shropshire	TF3 3BB	1,142	Retention of title
NWFF Fuels Limited	Marston Road, Stafford, Staffordshire		8	
F.J. Industries AIS	6 Great Jackson Street, Manchester	CW5 6AF	19	
ATS Euroheat Limited	Wardle, Nantwich, Cheshire		24,816	
Chess Plc	NYBORGVJ 27, DK-5863, Fertiliser		1,600	
Potters Plying Ltd	Mill Lane, Rugeley, Staffordshire	WS15 2JW	596	
Thaumaturgy	Bridgeford House, Hayes Lane, Alderley Edge, Cheshire	SK9 7JP	394	
TOS Motor Services Ltd/Airfield Garage	Unit 10 Trent Trading Park, Botteslow Street, Hanley, Staffordshire	ST1 3LY	125	
Hodgson & Hodgson Group Ltd	PO Box 1048, Suite 2, Colne, Lancashire	BB9 4BE	108	
Bosal (UK) Ltd	Unit 1A, Airfield Industrial Estate, Jhikon, Staffordshire	ST18 0PF	1,516	
Eagle Exhaust & Catalyst Ltd	Bradbury Drive, Springwood Industrial Estate, Bratcliffe, Essex	CM7 2ET	811	
Whitehouse Rubber Tubing Ltd	Unit 330 Four Oaks Road, Wallon Summit Centre, Bamber Bridge, Preston, Lancashire	PR5 8AP	2,295	
	EEC Accounts Office, Units 2 & 3 Parklands Ind Estate, Forest Road, Denham, Watlington, Hampshire	PO7 6TJ	8,322	
	Britten Street, Redditch, Worcestershire	B97 6HD	2,205	

Signature _____


Date 15/12/08

Tufnells Parcels Express Ltd Plimsoll Publishing Limited	Shepcole House, Shepcole Lane, Sheffield, South Yorkshire Scotswood House, Teesdale South, Stockton
Energyglazer Limited Energy OEM Ltd ACS Technology Limited Bardays Bank PLC	Unit 11, Mount Industrial Estate, Stone, Staffordshire Ainfield Industrial Estate, Hixon, Staffordshire Ainfield Industrial Estate, Hixon, Staffordshire PO Box 483, Sir Frank Whittle Road, Derby
Bardays Mercantile Business Finance Limited Barclays Bank PLC - Asset and Sales Finance	Churchill Plaza, Churchill Way, Basingstoke, Hampshire 7th Floor, Churchill Plaza, Churchill Way, Basingstoke, Hampshire
Lombard	PO Box 520, Rotherham, South Yorkshire

S9 1UW TS17 6S3	5,302 411 480,169
ST15 8LL ST18 OPF ST18 OPF DE1 8UU	56,699 41,925 11,848 1,389,467
RG21 7GL	382,122
RG21 7GP	198,542
S63 3BR	96,408

Fixed and floating charge over company assets.	May-05	1,400,000
Fixed charge over trade debtors.	May-05	735,785
Fixed charge over specific assets.	Jul-05 Nov-05 Feb-07 Mar-07	149,500
Fixed charge over specific assets.	Feb-07 Dec-06 May-07 May-07	120,000

3,097,350

Signature  Date 15/12/08

DIRECTOR'S ESTIMATED STATEMENT OF AFFAIRS

Notes to the Directors Estimated Statement of Affairs.

1. The book debts are subject to an invoice discounting agreement in favour of Barclays Sales Finance.
2. The Plant & Machinery has been professionally valued by Hilco Appraisal Europe, however, the estimated realisable values given here represents the director's view.
3. The freehold property has been professionally valued by property agents, King Sturge, however, the estimated realisable value given here represents the director's view.
4. The claims of the Department of Trade and Industry represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential.
5. Section 176A 1A requires the administrator to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

The administrator will not be required to set aside the prescribed part if:

- a. The net property is less than £10k and he thinks that the cost of distributing the prescribed part would be disproportionate to the benefit;
 - b. Or if the net property is more than £10k, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
6. The claim of HM Revenue & Customs represents PAYE and NIC outstanding since September 2008.
 7. The claim of HM Revenue & Customs represents VAT outstanding since July 2008.
 8. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
 9. The indebtedness to Barclays Bank PLC is supported by a cross guarantee from Energylazer Limited (an associated company by virtue of common directors and shareholders, which is also in administration)
 10. The estimated total deficiency, including the calculation of the prescribed part, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor policy for re-charging expenses;
- b. Begbies Traynor charge-out rates;
- c. Narrative summary of time costs incurred and summary by staff grade and work activity;

POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Standard professional practice¹ requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Required professional practice classifies expenses into two broad categories:

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges;
- *Category 2 expenses (approval required)* – all other items of expenditure:
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost.

CHARGING POLICY

- *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred.
- *Category 2 expenses (approval required)*
 - (A) The following items of expenditure are re-charged as described:
 - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 (London £150) per meeting;
 - Car mileage is re-charged at the rate of 40 pence per mile;
 - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;
 - (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge:
 - Telephone and facsimile
 - Printing and photocopying
 - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

¹ Statement of Insolvency Practice 9 (SIP 9) effective from April 2007

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions.

The rates applying to the Birmingham office as at the date of this report are as follows:

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Junior Administrator	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME: ENERGY EXHAUSTS LIMITED

CASE TYPE: ADMINISTRATION

OFFICE HOLDERS: W JOHN KELLY, JOHN A LOWE AND ROBERT M YOUNG

DATE OF APPOINTMENT: 20 NOVEMBER 2008

1 CASE OVERVIEW

- 1.1 This overview is intended to allow the body responsible for the approval of the office-holder's fees to view the quantum of those fees in the context of the case in question.
- 1.2 *Complexity of the case*
Our initial strategy was to continue to trade the business in the short term under Administration whilst marketing the business and assets for sale as a going concern.
- 1.3 *The office-holder's effectiveness*
A sale of the business and assets was not achieved. We are now in the process of organising a disposal of the plant & machinery and other assets via an auction.
- 1.4 *Nature and value of property in question*
The principal assets are the freehold property, book debts and plant & machinery.
- 1.5 *Anticipated return to creditors*
We currently anticipate a return to secured and preferential creditors only.
- 1.6 *Time costs analysis*
An analysis of time costs incurred is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average rate charged for each work type.
- 1.7 *Approval of fees*
We request within this report the approval of our fees on a time-cost basis.
- 1.8 *Other professionals employed & their costs*
Hilco Appraisal Europe a national firm of agents and valuers, were engaged to provide an inventory and valuation of the chattel assets, their fees are based on the time properly spent by them in dealing with this assignment.

King Sturge were engaged to provide a valuation of the property, their fees are also based on the time properly spent by them in dealing with this assignment.

Solicitors engaged were Eversheds who have a good reputation and whose costs are reasonable. Their fees are also governed by the time spent.

Payco are a firm of employment rights specialists who were engaged to assist and advise employees with their claims.

The company's accountants RSM Bentley Jennison were retained to assist the directors in preparing the statement of affairs and finalising the tax affairs of the company.

JP Associates have been instructed to assist with debt collections on a no win no fee basis.

2 EXPLANATION OF OFFICE-HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor's policy for re-charging expenses incurred by insolvency office-holders is set out in a separate accompanying note.
- 2.2 The rates charged by the various grades of staff who may work on a case are also set out in a separate accompanying note.

TIME COST ANALYSIS as at 9 January 2009

The following table is a summary of time costs incurred by staff grade and work activity from 20 November 2008¹ to 9 January 2009. The joint administrators' internal time recording system was modified on 1 January 2003 to comply with a change in required professional practice² to provide more detailed time-cost information.

	Hours				Total hours	Time cost £	Average hourly rate
	Partners	Managers	Other senior professionals	Assistants & support staff			
Pre Appointment Time	-	15.00	1.20	-	16.20	4,617	285
Fees drawn to date						0	
Time costs written off						0	
Pre Appointment time costs carried forward						4617	
Administration & Accountancy	-	28.70	45.80	8.95	83.45	17,311	207
Planning & Control	7.50	1.25	-	-	8.75	3,331	381
Fixed Charge Assets	-	19.75	-	-	19.75	5,826	295
Floating Charge Assets	-	26.25	14.80	-	41.05	10,112	246
Trading	39.50	41.00	103.40	14.25	198.15	45,667	230
Debt Collection	-	7.50	1.50	-	9.00	2,453	273
Preferential, Unsecured & Members	-	0.50	9.80	2.30	12.60	1,923	153
Employee Matters	-	15.75	14.95	1.00	31.70	7,138	225
Meetings and Statutory duties	-	2.50	5.60	13.25	21.35	2,959	139
Reports, SoA & Statutory returns	-	12.50	3.80	1.00	17.30	4,373	253
Investigations	-	-	1.30	-	1.30	208	160
Total hours	47.00	155.70	200.95	40.75	444.40		
Total cost to date	18,565.00	46,507.50	32,152.00	4,075.00		101,300	228
Fees drawn to date						0	
Outstanding costs						101,300	
Fees requested						0	

¹ This date will pre-date the commencement of the administration if pre-appointment work has been carried out

² Statement of Insolvency Practice 9