

AM03

Notice of administrator's proposals



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 7 3 4 1 9 3 9

Company name in full CNG (Group) Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Timothy

Surname Bateson

3 Administrator's address

Building name/number c/o Interpath Ltd

Street Suites 203 + 207 Cumberland House, 35 Park Row

Post town Nottingham

County/Region

Postcode N G 1 6 E E

Country

4 Administrator's name ①

Full forename(s) Christopher Robert

Surname Pole

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number c/o Interpath Ltd

Street 2nd Floor, 45 Church Street

Post town Birmingham

County/Region

Postcode B 3 2 R T

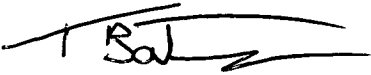
Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator’s Proposals

6		Statement of proposals									
		<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals								
7		Sign and date									
Administrator’s Signature		Signature ✕  ✕									
Signature date		<div><div>d</div>0</div>	<div><div>d</div>8</div>	<div><div>m</div>0</div>	<div><div>m</div>4</div>	<div><div>y</div>2</div>	<div><div>y</div>0</div>	<div><div>y</div>2</div>	<div><div>y</div>2</div>		

AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name	Sandy Gosal
Company name	Interpath Ltd
Address	5th Floor, 130 St Vincent Street Glasgow
Post town	G2 5HF
County/Region	
Postcode	
Country	
DX	
Telephone	Tel +44 (0) 118 214 5920



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Joint Administrators' proposals

CNG (Group) Limited - in Administration

8 April 2022

Deemed delivered: 12 April 2022

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, www.ia-insolv.com/case+INTERPATH+CM10494938.html. We hope this is helpful to you.

Please also note that an important legal notice about this statement of proposals is attached (Appendix 8).

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1 Executive summary

CNG (Group) Limited ('the Company') was incorporated on 10 August 2010 and operated as a holding company for the entities in the Contract Natural Gas group ('the Group'). (Section 3 – Background)

Interpath Advisory were engaged in September 2021 to conduct an accelerated sale process for various Group entities, however no offers or indications of interest were received. (Section 3 – Background)

Administrators were appointed over the trading entities, Energy, Electricity and Wholesale, in late 2021 in order to facilitate an orderly wind down of the Group. Subsequently, Tim Bateson and Chris Pole were appointed as Joint Administrators of the Company on 2 March 2022. (Section 3 – Background)

The primary assets of the Company are intercompany debtor balances and investments in other Group entities. We are expecting significant recoveries from these assets and therefore, a complex review process is ongoing to verify the relevant balances and dividend timings. (Section 4 - Strategy and progress of the administration to date).

Glencore Energy UK Limited ('Glencore') is a secured creditor of the Company. Whilst we do not consider that Glencore is owed any monies by the Company, there is a cross guarantee across the Group and the level of debts owed under this instrument is currently unclear. (Section 5 - Dividend prospects).

Based on current estimates, we estimate that preferential creditors will be paid in full. (Section 5 - Dividend prospects).

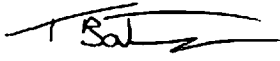
Based on current estimates, it is likely that a distribution will be made to unsecured creditors. We are not yet able to confirm the quantum or timing of this dividend as it is highly dependent on the recoveries achieved in other Group entities. (Section 5 - Dividend prospects).

We will seek approval of our proposals from unsecured creditors using a decision procedure. In this case, we consider the most appropriate procedure to be by correspondence. Notice of a decision by correspondence will be provided to creditors. (Section 7 – Approval of proposals).

We propose that our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate and charge-out rates provided. We will seek approval for this from the unsecured creditors. We also attach an expenses estimate in Appendix 4. (Section 8 - Joint Administrators' remuneration, expenses and pre-administration costs).

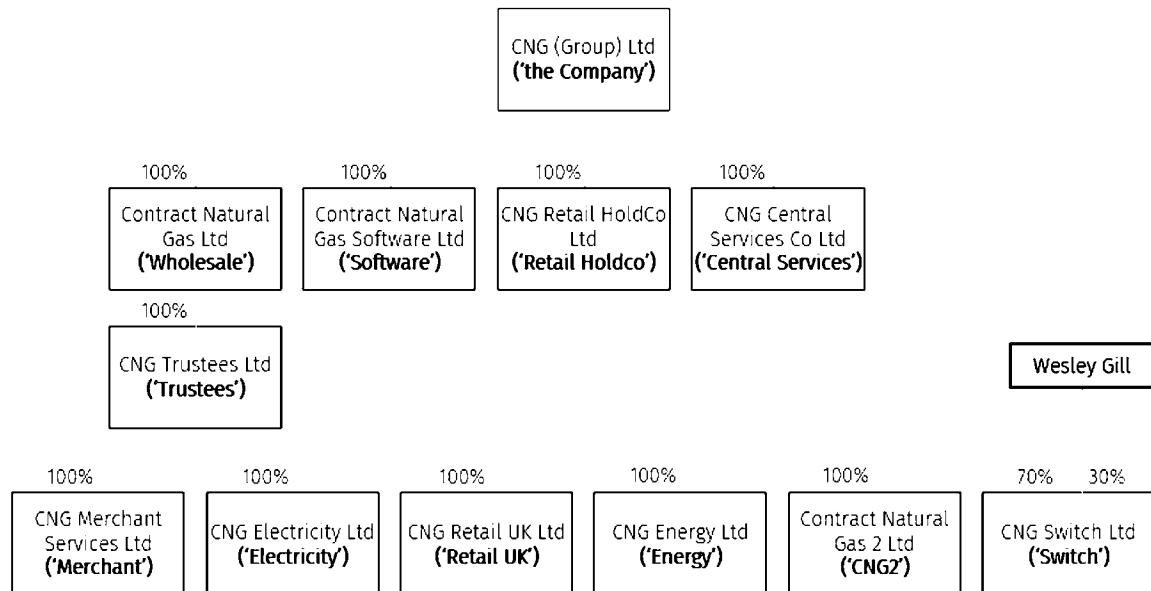
We reserve all options available to us, though we anticipate the most likely exit route will be by creditors voluntary liquidation ('CVL'). (Section 6 - Ending the administration).

This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.

A handwritten signature in black ink, appearing to read 'Tim Bateson', with a stylized flourish at the end.

Tim Bateson
Joint Administrator

2 Group structure



Parent holding company.

Trading entity providing gas supplies, balancing and shipping services to wholesale customers, which holds the leases for the current head office.

This company entered into Administration on 17 December 2021. Please visit the Insolvency Portal [here](#) for further information

Commercial gas trading entity, providing energy to 32,100 commercial customers, equating to 46,500 meter points.

This company entered into Administration on 30 November 2021. Please visit the Insolvency Portal [here](#) for further information.

Trading entity providing electricity to approximately 300 customers.

This company entered into Administration on 30 November 2021. Please visit the Insolvency Portal [here](#) for further information.

Services entity for the wider CNG Group which employed all staff and paid the majority of suppliers on behalf of the Group.

This company entered into Administration on 30 November 2021. Please visit the Insolvency Portal [here](#) for further information.

Dormant entity.

Non trading entity which holds the lease for the Group's former head office.

Holding company for the retail service-based subsidiaries.

Non trading entity.

Dormant entity.

Entity acting as an in-house broker.

Entity which holds a shipping licence and provided gas shipping services to CNG Energy Limited.

3 Background and events leading to the administration

3.1 Background information

The Company was incorporated on 10 August 2010 and operated as a holding company for the entities in the Contract Natural Gas group ('the Group') as detailed in section 2.

The Company was based in Harrogate, North Yorkshire at the head office for the Group's trading operations and employed three of the Group's directors.

3.2 Events leading to the administration

The Group had been experiencing financial challenges for some time. This was exacerbated by significant cash flow pressures primarily caused by sharp price rises and the general volatility in the wholesale energy market from January 2021 onwards. This led to the failure of a significant number of key customers of CNG Wholesale and created further financial pressures across the Group.

It became apparent that the ongoing trade of the Group was no longer feasible and therefore, the Directors began to explore ways to facilitate an orderly exit from the market.

In order to facilitate this exit, the Group's lender, Glencore, confirmed that they were willing to provide financial support in order for the existing £35 million lending to be repaid.

This was agreed with the Directors and Glencore subsequently issued a demand for repayment of its £35 million secured term loan. The loan was repaid in full in September 2021 following the sale of hedges in Energy.

Glencore provided a further £15 million credit facility shortly after to support the wind down of the Group. The additional facility loan was repaid in full to Glencore in November 2021 following the sale of the remaining hedges.

It quickly became apparent that the additional Glencore facility would not be sufficient to continue to trade the Group in the medium term.

As a result, Interpath Advisory were introduced to the Group in September 2021 with the aim of exploring available sale and other options for the Group. The Directors engaged Interpath to launch an accelerated sale process on 23 September 2021.

Interpath approached more than 100 parties who we and management considered were likely to have an interest in the business however, no offers or indications of interest were received for any of the Group entities.

Given the lack of offers received, the Directors opted to activate the Supplier of Last Resort ('SOLR') process with Ofgem ('the Regulator'). Pozitive Energy Limited ('Pozitive') were appointed on 7 November 2021 to take over supply to the customers of Energy and Electricity.

Andrew Stone and Will Wright were appointed Joint Administrators of Energy and Electricity on 30 November 2021.

Central Services provided services to the Group and held all employee contracts (excluding three directors). These services were no longer required following Energy and Electricity ceasing to trade and therefore, Central Services was placed into administration on 30 November 2021.

Further information relating to the administrations of these entities can be found in section 2.

The directors began to explore options with Glencore and the Regulator for winding down the business whilst minimising the impact on its customers and the industry.

It was agreed to enter into a Memorandum of Understanding ('MoU') with Glencore and the gas transporter community to facilitate the migration of meter points to alternative gas shippers. As part of the wind down process, Interpath Advisory were engaged to undertake a contingency planning exercise, monitor the wind down and reconcile distributions of proceeds to funders.

Following the conclusion of the wind down period, Claire Winder and Will Wright were appointed Joint Administrators of Contract Natural Gas Limited on 17 December 2021.

CNG (Group) Limited ('the Company') was the holding company for the Group and facilitated some of the Group's intercompany transfers.

Given the complexity of the intercompany claims matrix and the size of the sums involved, it was resolved to appoint independent Administrators over the Company in order to ensure that the claims are independently reviewed and stakeholder interests are protected.

Tim Bateson and Chris Pole were appointed Joint Administrators of CNG (Group) Limited on 2 March 2022.

We are satisfied that the work carried out by Interpath before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.3 Funding and financial position of the Company

The most recent set of accounts filed at Companies House are for the year ended 31 October 2020, audited by RSM UK Audit LLP. In the latest management accounts dated 30 September 2021, the Company had net liabilities of £30.1 million. Due to the nature of the entity as a holding company, there was no turnover within the entity.

The Company was funded by a £35 million secured term loan facility from Glencore Energy UK Limited ('Glencore') which was distributed and cross guaranteed across the Group.

As detailed in section 3.2, this loan was repaid in full in September 2021 with Glencore providing a further £15 million credit facility shortly after. The additional Glencore facility was repaid in full in November 2021.

Whilst the loan owed to Glencore by Group has been repaid in full, the cross guarantee remains in place relating to funds owed to Glencore by Wholesale. As a result, there are still three outstanding charges registered at Companies House in relation to the Company. These relate to fixed and floating charge debentures registered between 2018 and 2020 as security for Glencore's credit facility.

3.4 Pre-administration work

The following work was carried out prior to our appointment with a view to placing the Company into administration.

- Obtaining information ahead of our appointment so that we could implement our administration strategy;
- Liaising with the Company's legal advisors, Pinsent Masons, regarding the preparation and filing in Court of the appointment documents and advising the Company and Directors regarding the administration appointment; and
- Preparation of appointment documentation to be filed and sent out to comply with statutory deadlines.

We carried out this work with the objective of achieving the purpose of the administration in accordance with Paragraph 3(1) (b), which is to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up.

3.5 Appointment of Joint Administrators

The Directors resolved on 28 February 2022 to appoint us as Joint Administrators.

The notice of appointment was lodged at the High Court of Justice, Business and Property Courts in Leeds Insolvency and Companies List (ChD) on 2 March 2022 and we were duly appointed.

4 Strategy and progress of the administration to date

4.1 Strategy to date

The Company is not a trading entity and therefore, has no means of generating income. As a result, the primary strategy for the administration is to realise funds from intercompany debtors and subsidiaries in order to maximise the return to creditors.

The Company employed three of the Group's directors, all of whom were made redundant shortly after our appointment. Our internal employee relations specialists have been assisting employees to advise them of their rights and the process for submitting claims to the Redundancy Payments Services, as well as addressing any queries they may have.

The primary assets of the Company are intercompany debtor balances and investments in other Group entities. We are expecting significant realisations from these assets and therefore, a detailed process has been undertaken to identify intercompany balances and model the priority of distribution across the various Group entities.

At present, there are still a number of substantial variables which will impact these recoveries and therefore, the final outcome is currently unclear.

Given the length of time expected to receive these funds, we have requested approval from the unsecured creditors to extend the administration by 12 months to 1 March 2024.

We are liaising with HMRC in order to recover £250,000 in respect of VAT receivable which was owed to the Company prior to the administration.

In addition, we are pursuing the repayment of a loan totalling £106,000 provided to a former director of the Company.

4.2 Asset realisations

Realisations from the date of our appointment to 30 March 2022 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

We have recovered cash totalling £2,143 which was held in the Company's bank account at the date of our appointment.

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Sharon Turner at Interpath Advisory, 5th Floor, 130 St Vincent Street, Glasgow G2 5HF, United Kingdom.

4.3 Costs

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

Payments made from the date of our appointment to 30 March 2022 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made to date are provided below.

Since our appointment, we have paid £313 in respect of mail redirection costs.

5 Dividend prospects

5.1 Secured creditor

Glencore Energy UK Limited ('Glencore') are a secured creditor of the Company with three outstanding charges registered at Companies House.

Glencore are not due any monies from the Company, however there is a cross guarantee in place across the Group and therefore, Glencore's security has not been released.

We are currently undertaking a review with the wider Group to establish whether funds owed under the cross guarantee will be requested from the Company and we will provide a further update on this in our first progress report.

5.2 Ordinary preferential creditors (employees)

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially (in advance of floating charge holders and ordinary unsecured creditors) and in priority to other preferential creditors (see 5.3 below). These claims are therefore referred to as "ordinary preferential creditors".

We estimate the amount of ordinary preferential claims at the date of our appointment to be £2,400.

Based on current estimates, we anticipate that ordinary preferential creditors should receive a dividend of 100p in the £. The timing and amount of any distribution are dependent upon the realisations and associated costs of the administration.

5.3 Secondary preferential creditors (HMRC and the Financial Services Compensation Scheme)

Claims from the Financial Services Compensation Scheme ('FSCS') and HMRC, in relation to VAT, PAYE, employees' National Insurance contributions ('NIC') and Construction Industry Scheme ('CIS') deductions, rank preferentially, but secondary to the employee secondary preferential creditors above. These claims are therefore referred to as "secondary preferential creditors".

We are not aware at this time of any secondary preferential claims against the Company.

5.4 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and the payment of associated costs.

6 Ending the administration

6.1 Exit route from administration

We consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be a creditors' voluntary liquidation and we propose to seek appointment as liquidators.

Please note that we consider it to be unrealistic to be able to provide an accurate estimate of the remuneration anticipated to be charged and expenses likely to be incurred for the duration of the liquidation at this stage.

To ensure that the information we provide to you is meaningful, we believe that it would be more appropriate to provide the fees and expenses estimates, and seek approval for fees, in the subsequent liquidation. We will look to seek approval of remuneration within four weeks of our appointment as liquidators.

6.2 Discharge from liability

We propose to seek approval from the unsecured creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

See Section 7 for details regarding the decision by correspondence.

7 Approval of proposals

7.1 Decision procedure

Notice of seeking a decision by correspondence is attached to the covering letter. This decision by correspondence procedure is being used to seek approval of our statement of proposals, together with the decisions detailed in Section 7.2 below.

A Creditors' Committee will be formed if the creditors decide that one should be formed and sufficient creditors are willing to act. The minimum number of Committee members is three and the maximum is five.

The Creditors' Committee represents the interests of the creditors as a whole, rather than the interests of certain parties or individuals.

Its statutory function is to help us to discharge our responsibilities as Joint Administrators.

If a Creditors' Committee is formed it is for that body to approve, for instance:

- the basis of our remuneration
- the drawing of Category 2 expenses

Members of the Creditors' Committee are not remunerated for their time. Other than receiving travel expenses, they receive no payment from the Company.

7.2 Decisions

The proposed decisions to be considered as part of the decision by correspondence are as follows:

- The approval of our proposals;
- the basis of our remuneration;
- the drawing of unpaid pre-administration costs;
- the drawing of Category 2 expenses;
- our discharge from liability in respect of any actions as Joint Administrators;
- the extension of the administration by 12 months to 1 March 2024; and
- whether a Creditors' Committee be established.

7.3 Creditors' right to request a physical meeting

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors, or (c) 10 creditors, and (2) if the procedures set out below are followed.

Requests for a physical meeting must be made within five business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a physical creditors' meeting, please complete and return the physical meeting requisition form which is available on the Insolvency Portal [here](#).

8 Joint Administrators' remuneration, expenses and pre-administration costs

8.1 Approval of the basis of remuneration and expenses

A formal notice of the decision by correspondence is available on our Insolvency Portal [here](#). The notice asks the creditors to vote on the proposed decisions with regard to our remuneration and drawing of Category 2 expenses. Only if a Creditors' Committee is not formed will the votes cast by the creditors be used.

From the date of our appointment to 30 March 2022, we have incurred time costs of £62,706. These represent 119 hours at an average rate of £528 per hour.

We have incurred expenses of £16 during the period. None of these have yet been paid.

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Interpath for the period from our appointment to 30 March 2022. We have also attached our charging and expenses recovery policy.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3:

Interpath fees	0.00	6,062.00	6,062.00
Legal fees	0.00	10,346.00	10,346.00
Legal expenses	0.00	74.99	74.99
Total	0.00	16,482.99	16,482.99

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

9 Summary of proposals

The Company was placed into administration in order to independently review and verify the various distributions to stakeholders. Rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;

to investigate and, if appropriate, to pursue any claims the Company may have;

to seek an extension to the administration period if we consider it necessary.

to make distributions to the preferential and unsecured creditors where funds allow;

to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;

formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;

place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Tim Bateson and Chris Pole, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Tim Bateson and Chris Pole, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;

file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

We propose that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

Category 2 expenses (as defined in Statement of Insolvency Practice 9) will be charged and drawn in accordance with Interpath Advisory's policy as set out in Appendix 5; unpaid pre-administration costs be an expense of the administration.

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Appendix 1 Statutory information

Company and Trading name	CNG (Group) Limited
Date of incorporation	10 August 2010
Company registration number	07341939
Trading address	2 Victoria Avenue, Harrogate, North Yorkshire, HG1 1EL
Previous registered office	2 Victoria Avenue, Harrogate, North Yorkshire, HG1 1EL
Present registered office	2nd Floor, 45 Church Street, Birmingham, B3 2RT
Company Directors	Chris England Jacqui Hall Paul Stanley
Company Secretary	Susannah Franks
Administration appointment	The administration appointment granted in High Court of Justice, Business and Property Courts in Leeds Insolvency and Companies List (ChD), 000121 of 2022
Appointor	Directors
Date of appointment	2 March 2022
Joint Administrators	Tim Bateson and Chris Pole
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	1 March 2023
Prescribed Part	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5).
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £13,650,000. Estimated Prescribed Part is £800,000.
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply. Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.
Application of EU Regulations	EU Regulations apply and these proceedings will be the Proceedings to which the EU Regulation as it has effect in the law of the United Kingdom does not apply as defined in Article 3 of the EU Regulations.

Appendix 2

Joint Administrators' receipts and payments account

CNG (Group) Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 02/03/2022 To 30/03/2022 (£)	From 02/03/2022 To 30/03/2022 (£)
ASSET REALISATIONS			
106,000.00	Directors loan account	NIL	NIL
40,000.00	Interco debtor - CNG Switch Ltd	NIL	NIL
6,250.00	Interco debtor - CNG Electricity Ltd	NIL	NIL
308,231.03	Interco debtor - CNG Central Services	NIL	NIL
2,143.48	Cash at bank	2,143.34	2,143.34
		2,143.34	2,143.34
COST OF REALISATIONS			
	Re-direction of mail	(313.00)	(313.00)
		(313.00)	(313.00)
462,624.51		1,830.34	1,830.34
REPRESENTED BY			
	Floating charge current		1,830.34
			1,830.34

Appendix 3 Joint Administrators' fees estimate

Administration & Planning				
Statutory and compliance	Note 1	133	70,157	529
Cashiering	Note 2	10	4,450	445
Tax	Note 2	37	21,262	570
Bankrupt/Director/Member	Note 4	7	3,836	581
General	Note 2	17	8,225	498
Realisation of Assets	Note 3	143	69,652	489
Creditors				
Employees	Note 4	8	4,194	508
Creditors and claims	Note 4	200	95,076	476
Investigations				
Directors	Note 5	33	15,142	460
Investigations	Note 5	11	6,767	607
Total		598	298,759	500

Whilst specific notes have been provided below to give more context around the fee estimate, these should be read in conjunction with the report as a whole.

Below is further detail of the work to be undertaken for this engagement:

Note 1 – Statutory and compliance

Undertaking the post-appointment related formalities including notifying the Registrar of Companies and other relevant parties of our appointment, formulating and regularly reviewing the administration strategy, arranging an adequate level of bonding and ensuring compliance with all statutory obligations arising under the Act and Rules.

Note 2 – Other administration and planning

Maintaining the administration bank account including regular bank reconciliations and processing transactions.

This work involves engaging our in-house experts to undertake a review of the Company's VAT and tax affairs, with a view to identifying any potential recoveries for the benefit of creditors.

Arranging for the Company's books and records to be collated and stored appropriately and ensuring that Data Protection regulations are complied with. Reviewing time costs incurred by the administrators and ensuring appropriate fee approvals are sought from creditors.

Note 3 – Realisation of assets

Reviewing and agreeing intercompany debtor positions, establishing potential returns from investments in other Group entities and pursuing the relevant balances. This will include holding regular catch ups with key debtors and subsidiaries to establish estimated recoveries and timelines.

Recovering pre-appointment cash balances and identifying, quantifying and pursuing the Company's other assets including pre-appointment VAT refunds and a pre-appointment director's loan.

Note 4 – Employees, creditors and shareholders

Notifying creditors of our appointment and preparing and circulating our proposals and regular progress reports for creditors and shareholders.

Reviewing and approving claims submitted by preferential and unsecured creditors and dealing with ongoing correspondence with employees and creditors.

Note 5 – Directors and investments

Corresponding with directors, requesting completion of the Statement of Affairs and questionnaire and dealing with ongoing correspondence with the directors.

As part of our statutory obligations, we are required to formally investigate the affairs of the Company and the conduct of the directors prior to our appointment and submit our findings to the Secretary of State. We are also conducting an independent review of the intercompany position after the corporate restructure in November 2019.

Appendix 4 Joint Administrators' expenses estimate

<u>Pre-administration costs</u>		
Administrators' fees & expenses	Note 1	(6,062)
Legal fees & disbursements	Note 1	(10,421)
 <u>Professional fees</u>		
Legal fees & disbursements	Note 2	(50,000)
 <u>Other costs</u>		
Statutory costs	Note 3	(10,000)
Bank charges and other sundry costs	Note 3	(3,500)
Contingency	Note 3	(10,000)
TOTAL		(89,983)

Note 1 – Pre-administration costs

We incurred administrators fees of £6,062 and legal fees and disbursements of £10,421 prior to appointment with a view to placing the Company into administration. For further detail, please see sections 3.4 and 8.2 and Appendix 5.

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration as outlined in Section 8 above.

Note 2 – Legal fees and disbursements

Pinsent Masons were engaged by the Company prior to our appointment to provide legal advice to the Group as a whole and to facilitate the administration appointments.

Since our appointment, we have engaged Knights PLC ('Knights') to provide us with independent legal advice surrounding the intercompany position and other asset recoveries.

Note 3 – Other costs

Other estimated costs relate to:

- storage of Company books and records
- statutory advertising requirements
- postage costs relating to the circulation of updates to creditors and shareholders
- bank charges

Appendix 5 Joint Administrators' charging and expenses policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of in-house Interpath Advisory tax, VAT and employee specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Sharon Turner on 0118 214 5935.

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Partner	985
Director	910
Senior Manager	810
Manager	650
Senior Administrator	475
Administrator	350
Support	475

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

Use of privately-owned vehicle or car cash alternative – 45p per mile.

Use of company car – 60p per mile.

Use of partner's car – 60p per mile.

For all of the above car types, when carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following expenses during the period 2 March 2022 to 30 March 2022.

Sundry	NIL	16.00	NIL	NIL	16.00
Total	NIL	16.00	NIL	NIL	16.00

We have the authority to pay Category 1 expenses without the need for any prior approval from the creditors of the Company.

Category 2 expenses are to be approved in the same manner as our remuneration.

The key areas of work have been:

Statutory and compliance	collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; posting information on a dedicated web page; preparing statutory receipts and payments accounts; arranging bonding and complying with statutory requirements; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	formulating, monitoring and reviewing the administration strategy, including meetings with internal and external parties; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	setting up administration bank accounts and dealing with the Company's pre-appointment accounts; preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	gathering initial information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; reviewing the Company's pre-appointment corporation tax and VAT position; reviewing the Company's duty position to ensure compliance with duty requirements; dealing with post appointment tax compliance.
Shareholders	providing notification of our appointment; responding to enquiries from shareholders regarding the administration; providing copies of statutory reports to the shareholders.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	collating information from the Company's records regarding the assets; reviewing outstanding debtors and management of debt collection strategy; reviewing the inter-company debtor position between the Company and other group companies.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place.
Employees	dealing with queries from employees regarding various matters relating to the administration and their employment; dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;

	<ul style="list-style-type: none"> ■ communicating and corresponding with HM Revenue and Customs; ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; ■ managing claims from employees.
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Company's pension schemes; ■ ensuring compliance with our duties to issue statutory notices.
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our proposals; ■ creating and updating the list of unsecured creditors;
Investigations/ Directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the administration; ■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies; ■ arranging for the redirection of the Company's mail; ■ reviewing the questionnaires submitted by the Directors of the Company.

Time costs

Pre-Administration costs (21/02/2022 to 01/03/2022)							
	Hours						Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total	Time Cost (£)	
Appointment documents	2.50				2.50	2,275.00	910.00
Pre-administration checks	3.20			2.50	5.70	3,787.00	665.00
Total	5.70	0.00	0.00	2.50	8.20	6,062.00	740.00

SIP 9 –Time costs analysis (02/03/2022 to 30/03/2022)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
Notification of appointment	0.10	81.00	810.00
Cashiering			
General (Cashiering)	0.60	285.00	475.00
Reconciliations (& IPS accounting reviews)	0.40	140.00	350.00
Statutory and compliance			
Appointment and related formalities	24.00	13,527.00	563.63
Bonding & Cover Schedule	0.40	257.00	642.50
Budgets & Estimated outcome statements	6.65	3,391.50	510.00
Checklist & reviews	3.05	1,665.50	546.07
Pre-administration checks	0.50	175.00	350.00
Statutory advertising	0.10	81.00	810.00
Strategy documents	9.10	3,833.00	421.21
Tax			

SIP 9 –Time costs analysis (02/03/2022 to 30/03/2022)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Initial reviews - CT and VAT	2.50	2,275.00	910.00
Post appointment corporation tax	0.30	209.50	698.33
Post appointment VAT	1.00	642.50	642.50
Creditors			
Creditors and claims			
General correspondence	0.40	140.00	350.00
Notification of appointment	2.30	1,035.00	450.00
Pre-appointment VAT / PAYE / CT	0.60	210.00	350.00
Secured creditors	1.00	810.00	810.00
Statutory reports	3.80	1,664.50	438.03
Employees			
Correspondence	4.70	2,650.00	563.83
Pensions reviews	3.55	1,543.50	434.79
Investigation			
Directors			
Correspondence with directors	0.90	315.00	350.00
Directors' questionnaire / checklist	4.50	1,704.50	378.78
Statement of affairs	20.55	9,192.00	447.30
Investigations			
Mail redirection	1.25	437.50	350.00
Review of pre-appt transactions	9.90	6,329.50	639.34
Realisation of assets			
Asset Realisation			
Cash and investments	4.60	2,576.00	560.00
Debtors	7.35	3,524.50	479.52
Insurance	0.35	168.50	481.43
Other assets	4.25	3,842.50	904.12
Total in period	118.70	62,706.00	528.27

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 6 Statement of Affairs, including creditor list

This is the Statement of Affairs for the Company as at the date of our appointment.

We note that there is some uncertainty over the security position of Glencore in relation to the Company's assets, which are shown as uncharged assets in the statement of affairs. We will undertake a full security review to ascertain the position prior to making any distributions to creditors.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

Rule 3.30

Statement of Affairs

Name of company CNG (Group) Limited	Company number 07341939
In the High Court of Justice, Business and Property Courts in Leeds Insolvency and Companies List (ChD)	Court case number CR-2022-000121

Statement as to the affairs of (a)

CNG (Group) Limited, 2nd Floor, 45 Church Street, Birmingham, B3 2RT

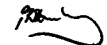
(a) Insert name and address of registered office of the company

on the (b) 02/03/2022 the date that the company entered administration.

(b) Insert date of appointment

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 02/03/2022, the date that the company entered administration.

Full name Paul Robert Stanley
Signed 
Dated 16/03/2022

A - Summary of Assets

Assets

	Book Value £	Estimated to Realise £
Assets subject to fixed charge: N/A		
Total assets subject to fixed charge	£0.00	£0.00
Less: Amount(s) due to fixed charge holder(s)		
Shortfall/surplus to fixed charge holder(s) c/d	£0.00	£0.00
Assets subject to floating charge: N/A		
Total assets subject to floating charge	£0.00	£0.00
Uncharged assets:		
Investment in Contract Natural Gas Limited	£4,228,335.00	£0.00
Investment in CNG Energy Limited	£100,000.00	£0.00
Investment in CNG EBT Limited	£1.00	£0.00
Investment in CNG Software Limited	£201,010.00	£0.00
A Shares	£8,499.00	£0.00
Directors Loan Account	£106,000.00	£106,000.00
Intercompany debtor - CNG Switch Limited	£436,000.00	£40,000.00
Intercompany debtor - CNG Electricity Limited	£25,000.00	£6,250.00
Intercompany debtor - CNG Central Services Limited	£1,232,924.11	£308,231.03
Cash at Bank	£2,143.48	£2,143.48
Total uncharged assets	£6,339,912.59	£462,624.51
Estimated total assets available for preferential creditors		£462,624.51

Signature 

Date: 16/03/2022

A1 - Summary of Liabilities

	£	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)		£462,624.51
Liabilities		
Ordinary preferential creditors:		£0.00
Ordinary preferential (employee) creditors (No. 3)		-£2,400.00
Other preferential creditors		£0.00
		-£2,400.00
Estimated total assets available for secondary preferential creditors		£460,224.51
Secondary preferential creditors (HMRC)		£0.00
Estimated deficiency/surplus as regards preferential creditors		£460,224.51
Less uncharged assets		-£462,624.51
Net property		-£2,400.00
Estimated prescribed part of net property where applicable (to carry forward)		£0.00
Estimated total assets available for floating charge holders		£0.00
Debts secured by floating charges		£0.00
Estimated deficiency/surplus of assets after floating charges		£0.00
Estimated prescribed part of net property where applicable (brought down)		£0.00
Uncharged assets		£462,624.51
Total assets available to unsecured creditors		£462,624.51
Unsecured intercompany creditor - CNG Energy Limited		-£4,044,351.09
Unsecured intercompany creditor - Contract Natural Gas Limited		-£601,944.09
Unsecured (trade) (non-preferential) creditors		-£46,992.00
Unsecured (employee) creditors (No. 3)		-£453,792.00
Unsecured (pre-paid consumer) creditors (No. 0)		£0.00
Estimated deficiency/surplus as regards unsecured creditors		-£4,684,454.67
Shortfall to fixed charge holders (brought down)		£0.00
Shortfall to preferential creditors (brought down)		£0.00
Shortfall to floating charge holders (brought down)		£0.00
Estimated deficiency/surplus as regards creditors		-£4,684,454.67
Issued and called up capital		-£13,916.25
Estimated total deficiency/surplus as regards members		-£4,698,370.92

Signature



Date: 16/3/22

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COMPANY SHAREHOLDERS

[illegible]

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COMPANY TRADE CREDITORS

NOTE: You must include all creditors with the EXCEPTION of employee creditors and pre-paid creditors. You must confirm if any of the creditors are under hire purchase, chattel leasing or conditional sale agreements by stating which of these (if any) are applicable in the column below. You must also identify any creditors claiming retention of title over property in the Company's possession by including a tick in the ROT column below.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £	HP Chattel/ Conditional Sale	Claiming ROT
Pinsent Masons	1 Park Row Leeds LS1 5AB	£46,992.00					
Total		£46,992.00			0		

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Appendix 7 Glossary

Company	CNG (Group) Limited- in Administration
Group	The Company together with: Contract Natural Gas Limited ('Wholesale') CNG Energy Limited ('Energy') CNG Electricity Limited ('Electricity') CNG Central Services Co Limited ('Central Services') CNG Trustees Limited ('Trustees') Contract Natural Gas Software Limited ('Software') CNG Retail HoldCo Limited ('Retail Holdco') CNG Merchant Services Limited ('Merchant') CNG Retail UK Limited ('Retail UK') CNG Switch Limited ('Switch') Contract Natural Gas 2 Limited ('CNG2')
Joint Administrators/we/our/us	Tim Bateson and Chris Pole
Glencore	Glencore Energy UK Limited
Interpath/Interpath Advisory	Interpath Ltd
Knights	Knights PLC
Pinsents	Pinsent Masons LLP

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

This statement of proposals ('proposals') has been prepared by Tim Bateson and Chris Pole, the Joint Administrators of CNG (Group) Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Timothy Bateson and Christopher Robert Pole are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – www.interpathadvisory.com/privacy-insolvency.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

www.interpathadvisory.com

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