

LIQ03

Notice of progress report in voluntary winding up



Companies House

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

1 Company details

Company number 0 8 6 9 7 9 6 7

Company name in full HYDROLOGY PLC

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) William Antony

Surname Batty

3 Liquidator's address

Building name/number 3

Street Field Court

Gray's Inn

Post town London

County/Region

Postcode W C 1 R 5 E F

Country

4 Liquidator's name ①

Full forename(s) Claire Elizabeth

Surname Howell

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number 3

Street Field Court

Gray's Inn

Post town London

County/Region

Postcode W C 1 R 5 E F

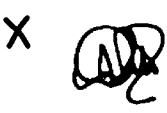
Country

② Other liquidator

Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6	Period of progress report															
From date	d	1	d	0	m	0	m	7	y	2	y	0	y	2	y	1
To date	d	0	d	9	m	0	m	7	y	2	y	0	y	2	y	2
7	Progress report															
	<input checked="" type="checkbox"/> The progress report is attached															
8	Sign and date															
Liquidator's signature	<div>Signature</div> <div>  </div>															
Signature date	d	0	d	6	m	0	m	9	y	2	y	0	y	2	y	2

**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 John Baalham

Company name Antony Batty & Company LLP

Address 3 Field Court

Gray's Inn

Post town London

County/Region

Postcode WC1R 5EF

Country

DX

Telephone 020 7831 1234

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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

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

**Further information**

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

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

HYDROLOGY PLC - IN LIQUIDATION
LIQUIDATOR'S PROGRESS REPORT

ANTONY BATTY & COMPANY LLP
3 FIELD COURT
GRAYS INN
LONDON
WC1R 5EF

HYDROLOGY PLC - IN LIQUIDATION

This report is prepared in accordance to the provisions of the Insolvency Act 1986, which require the Liquidator to provide creditors with an update of the progress of the Liquidation. The report has been prepared for the purpose of advising creditors. The report is private and confidential and may not be relied upon, referred to, copied or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

W A Batty and S J Evans were appointed as Joint Liquidators of Hydrology PLC on 10 July 2018.

WA Batty, HF Jesseman and C Howell are licensed as Insolvency Practitioners in the UK by The Institute of Chartered Accountants in England & Wales.

Abbreviations used in this report:

- Hydrology PLC - ("the Company")
- W A Batty & C E Howell - ("the Liquidators")
- HM Revenue & Customs - ("HMRC")
- Commercial Oilfield Water Disposal Facility - ("COWDF")

HYDROLOGY PLC – IN CREDITORS’ VOLUNTARY LIQUIDATION
Formerly Nexus Water Bonds PLC

LIQUIDATOR’S PROGRESS REPORT TO CREDITORS AND MEMBERS
For the period ending 10 July 2021 to 9 July 2022

STATUTORY INFORMATION

Company name:	Hydrology PLC
Registered office:	3 Field Court, Gray's Inn, London, WC1R 5EF
Former registered office:	18 Tideway Yard, 125 Mortlake High Street, London, SW14 8SN
Registered number:	08697967
Liquidator’s name:	William Antony Batty & Claire Elizabeth Howell
Joint Liquidator’s address:	3 Field Court, Grays Inn, London, WC1R 5EF
Liquidator’s date of appointment:	10 July 2018

LIQUIDATOR’S ACTIONS SINCE LAST REPORT

This section of the report provides creditors with an update on the progress made in the Liquidation during the Period and an explanation of the work done by the Liquidators and his staff.

Creditors will recall Hydrology Plc (“Hydrology” or the “Company”) entered liquidation on the 10 July 2018 with Stephen Evans and I appointed joint Liquidators, my colleague Claire Elizabeth Howell has subsequently replaced Stephen Evans as joint Liquidator as a result of a Court order dated 26 January 2022.

In June 2017, the Company announced that its creditors had rejected its Proposed Company Voluntary Arrangement (CVA) intended to address the Company’s financial difficulties, create a stable financial platform and to revitalise the development of its core water treatment businesses.

As a result of the vote, the relatively modest levels of investment needed to manage and upgrade the projects was not available. As such, it has been difficult to generate sufficient revenues to repay the unsecured loans. In 2020, due initially to the COVID-19 lockdowns, prohibited access to the United States from EU and UK until December 2021 and the drastic changes to the US government’s domestic oil & gas and environmental policies which have severely restricted the development and production of US oil reserves. The reopening of most of the oil producing leases in the US has been very slow after many companies sought administration after the collapse on oil prices in 2020, the closure of many leases due to US government policy and the consolidation that is taking place in the sector in the last 6 months. Unfortunately, given these circumstances there has not been recovers made against the intercompany loans which remain outstanding.

Please note that there is certain work that I am required by the insolvency legislation to undertake work in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my last progress report is contained in Appendix 3 under Administration.

As part of my role, I may need to access and use data relating to individuals, which may include the members of the Company in relation to my obligations under the Money Laundering Regulations 2017. In doing so, I must abide by data protection requirements. Antony Batty & Company LLP's Privacy Notice about the way that personal data is used and stored can be found at <http://www.antonybatty.com/insolvency-resources>. If you are unable to download this, please contact my office and a hard copy will be provided to you.

RECEIPTS AND PAYMENTS

My Receipts & Payments Account for the period from 10 July 2021 to 9 July 2022 together with a cumulative account since our appointment as Joint liquidators is attached at Appendix 1. Please note that receipts and payments in the account are shown net of VAT. I have reconciled the account against the financial records that I am required to maintain.

As any funds come into liquidation they will be held in an interest bearing estate bank account.

ASSETS

The Statement of Affairs indicated that the assets of the Company were those detailed below. We have undertaken the following work in the reporting period in order to protect and realise the known assets or potential assets of the Company during the period of this report:

Book Debts

Loan made to Wyuna Limited (£935,496.00)

Hydrology plc provided an unsecured loan for the development of the Hornbuckle Commercial Oilfield Water Disposal Facility (COWDF) in Wyoming, United States.

In deference to the current high prices of oil and gas mainly attributable to the conflict in Ukraine, the US oil & gas industry is nowhere near its 2019 early 2020 development and production levels.

This can be accredited to:

1. The collapse of the oil prices in 2020, COVID lockdowns, and the consolidation in the US domestic oil & gas markets due to the poor performance, administration and closure of oil companies.
2. The US government's decision on 20/01/2021 to restrict exploration and halt development federal and BLM - Bureau of Land Management (US government) lands severely restricting development in many states.
3. The US administration's policy to import oil in order to meet new green and environmental demands set out and passed in US government legislation.
4. Points 2 and 3 above effectively moved the US from being a gross exporter of oil to where it is now, importing currently about 37% of its domestic oil requirements.

As such, many of the US states have been very slow to restart after the COVID lockdowns and industry shutdowns. Only Texas has returned or exceeded its previous production levels. The states

of Wyoming, Colorado and North Dakota, in which oil production is from fracking shale have not yet recovered to their pre-Covid production levels and as such drilling and exploration are still very limited.

The Wyoming plant and facility was closed in March 2020 and only reopened in February 2022. The start up and operations has been sporadic and difficult primarily due to:

- Lack of human resources to operate the facility
- Absence of service companies
- The uncertainty over the US government's oil & gas and environmental policies continually changing.
- The consolidation of small to medium oil & gas independents who are being acquired or coming out of administration.
- Price per barrel of water disposal has decreased by two thirds since pre-COVID in Wyoming.
- The facility has operated in 2022 for approximately 6 months, with operational deficits supported by external investors.

The facility has been put up for sale and an offer for the assets is currently being discussed and negotiated with a large oil company.

Loan made to Nexus Ventures Limited – (£873,446.00)

Hydrology Ventures (formerly Nexus Ventures Limited) is a wholly owned subsidiary that was granted an inter Company loan from Hydrology PLC in the sum of £873,446 for the development of its Brazilian operations. Hydrology Ventures Limited was wound up and the entity dissolved in March 2019.

After the sale of its assets in Brazil to cover outstanding debts, the representatives of Hydrology Ventures do Brazil – Projetos de Aqua e Participações Ltda (“Hydrology Brasil”) began an appeal against and continues to pursue compensation from the company and individual contracted to install the Reverse osmosis facility in Cubatão, SP, Brazil.

In June 2022, the representatives of Hydrology Brazil received notification “recurso especial” (appeal) had been reviewed by the Superior Court of Justice in which a decision was made to accept Hydrology Brazil’s appeal and no fines were issued. Unfortunately, the contractor is seeking damages, even though it was his fault that Hydrology Brazil lost its contract and was forced to sell its assets. The Contractor is seeking the amount of approximately USD 14,500-15,000 (depending on the FX rate). Discussions are on-going.

Other Assets

There are no other known assets, if creditors are aware of any they should contact the liquidators immediately to advise.

LIABILITIES

Secured Creditors

An examination of the Company’s mortgage register held by the Registrar of Companies, showed that the Company Woodside Corporate Services Ltd acts as Security Trustee for the Loan Note holders, they are the only secured creditor. The Loan Notes are secured by Debentures containing floating Charges

contained in a Trust Deed dated 30 June 2014 and Registered at Companies House.

The principle debt due to the Loan Note holders is £5,000,000 plus accrued interest of £371,590.

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

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property;

up to a maximum of £600,000.

The Company gave a floating charge to Woodside Corporate Services Ltd on 30 June 2014 and the prescribed part provisions will apply. The Statement of affairs shows that the net property of the Company is £1,035,496, and we estimate that the prescribed part of the net property for unsecured creditors is £210,099. However, these estimates do not take into account the costs of the previous Administration costs and the Liquidation costs which will reduce the amount of the Company's net property. Even after taking into account the costs of the Administration and Liquidation I still envisage being able to make a distribution of the prescribed part of the net property to the unsecured creditors, but I am unable to estimate the amount of that distribution at present.

Preferential Creditors

Preferential creditors will retain their status and will be paid in priority to unsecured creditors, however, as previously reported we are not aware of any preferential creditors and therefore are anticipating any claims in the Liquidation.

Crown Creditors

The statement of affairs did not originally show any monies owed to HMRC. Since our appointment a provisional claim of £7,853 has been received by HMRC after returns were brought up to date, details of their final claim have not been received to date.

Non-preferential unsecured Creditors

The statement of affairs included 14 non-preferential unsecured creditors with an estimated total liability of £67,624. We have received claims from 6 creditors at a total of £65,014. We have not received claims from 8 creditors with original estimated claims in the statement of affairs of £19,340.

DIVIDEND PROSPECTS

Due to the lack of realisations there has not been any distributions made to date and it is currently unclear at this stage whether a dividend will be payable to the general body of unsecured creditors since the asset realisation process is yet to be finalised.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

We undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. As previously reported there were no matters that justified further investigation in the circumstances of this appointment.

Within three months of our appointment as Liquidators, we are required to submit a confidential report to the Secretary of State to include any matters which have come to our attention during the course of our work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. We would confirm that our report has been submitted.

PRE-APPOINTMENT REMUNERATION

As previously reported the Company was formerly in Administration and then moved into Liquidation on the 10th July 2018. Any unpaid liabilities and expenses incurred in the Administration rank as a first charge on the funds and assets passed to the Liquidators, these previously reported unpaid costs total £42,867 plus VAT. However, until we have been able to make some realisations into the Liquidation estate we cannot take any of our time costs in respect of our remuneration so we can confirm that we have not been able to draw any pre-appointment costs to date.

A time cost summary for the Administration period is given in Appendix 2.

LIQUIDATOR'S REMUNERATION

Where a Company moves from Administration to Liquidation and the Administrator becomes the Liquidator the basis of the remuneration fixed in the Administration will be the basis on which the Liquidator may draw his fees. Accordingly, our fees as Joint Liquidator have been approved on a time cost basis, by reference to time properly given by us and our staff in attending to matters arising in the Liquidation, together with category 2 expenses, by the creditors at the creditors' meeting held on 8 June 2017.

My total time costs to 9 July 2022 amount to £18,810, representing over 52 of hours work at a blended charge out rate of £360 per hour, of which £6,565, representing over 16 of hours work, was charged in the period since 9 July 2021, at a blended charge out rate of £388 per hour.

I have not yet drawn any remuneration in this matter.

Appendix 2 contains further information about time spent in the Liquidation and has been categorised into the headings shown below.

- Administration and Planning: includes case planning, administrative set-up, appointment notification, statutory reporting, compliance, cashiering, accounting, bank account reconciliations, and administrative functions.
- Realisation of Assets: includes specific bond application & review identifying, securing, insuring assets, retention of title issues, debt collection, property, business and asset sales.
- Investigations: includes reporting on the conduct of directors, investigating antecedent transactions and any other investigations that may be deemed appropriate.
- Trading: includes planning, strategy, trading accounting, managing operations on site, corresponding with suppliers and customers and on-going employee matters.
- Creditors: includes creditor set up, communication and meetings, reviewing and agreeing preferential and unsecured claims, corresponding with secured creditors, reviewing and obtaining advice in relation to security granted by the Company.

For the period of this report the time spent on this matter has been spent on the continued monitoring of the trading situation in the United States and liaising with the former director in order to establish whether or not any realisation of assets can be made in the reporting period, as detailed above, interaction with creditors. We have also undertaken regular reconciliations of the bank account, conducted periodic reviews of the case, prepared and filed the necessary VAT & corporation tax returns and conducted the statutory tasks of the Liquidation such as filing the progress report and receipts & payments account at Companies House. Whilst this work does not give direct financial benefit to the creditors, it has to be undertaken by the office holders as it is required by statute or regulatory guidance, or is necessary for the orderly conduct of the proceedings.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3, together with an explanatory note which shows Antony Batty & Company LLP's fee policy are available at the link <http://www.antonybatty.com/insolvency-resources>. Please note that there are different versions of the Guidance Notes and in this case you should refer to the most recent version. Please note that our charge out rates increased on 1 July 2021.

LIQUIDATOR'S EXPENSES

I have incurred the following category one expenses in the period since my appointment as Liquidator: The fee in respect of the Specific Bond has been paid. The Statutory Advertising remains un-invoiced and un-paid.

I have incurred the following category one expenses in the period since my appointment as Liquidator:

Type of expense	Amount incurred / accrued in the reporting period
Statutory advertising	£75
Specific bond	£58

The guidance regarding the recovery of Category 2 expenses (ie expenses that include an element of office overhead) has now changed and we take this opportunity to confirm we will no longer look to recharge such expenses and recover them in the liquidation. We can also confirm that no Category 2 expenses have been drawn from the estate in this matter.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the Court, or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Liquidator's remuneration and expenses within 21 days of their receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the Court, or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Liquidator as being excessive, and/or the basis of the Liquidator's remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Antony Batty & Company LLP can be found at <http://www.antonybatty.com/insolvency-resources>.

SUMMARY

The Liquidation will remain open until the book debts relating to the outstanding intercompany loans have been recovered as set out in assets section of this report. I estimate that this will take approximately a further 2-3 years owing to the global economic conditions. Once this has been resolved the Liquidation will be finalised and our files will be closed.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact John Baalham on 020 7831 1234, or by email at Johnbaalham@antonybatty.com.



William Antony Batty
Joint Liquidator
Date: 6 September 2022

**Hydrology PLC
(In Liquidation)**

Summary of Receipts & Payments

RECEIPTS	Statement of Affairs (£)	From 10/07/2018 To 09/07/2021 (£)	From 10/07/2021 To 09/07/2022 (£)	Total (£)
		0.00	0.00	0.00
PAYMENTS				
		0.00	0.00	0.00
Net Receipts/(Payments)		0.00	0.00	0.00
MADE UP AS FOLLOWS				
		0.00	0.00	0.00



William Antony Batty
Joint Liquidator

Time Entry - SIP9 Time & Cost Summary

HYDROCVL - Hydrology PLC
Project Code: POST
From: 10/07/2021 To: 09/07/2022

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	1.70	8.80	0.00	0.00	10.50	4,085.50	389.10
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	1.00	5.40	0.00	0.00	6.40	2,480.00	387.50
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisations of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	2.70	14.20	0.00	0.00	16.90	6,565.50	388.49
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary

HYDROCVL - Hydrology PLC
Project Code: POST
From: 10/07/2018 To: 09/07/2022

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0.40	24.50	0.10	0.70	25.70	8,930.50	347.49
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	3.10	15.10	0.00	0.50	18.70	6,710.30	358.84
Investigations	0.00	1.00	0.00	0.00	1.00	335.00	335.00
Realisations of Assets	2.40	1.70	0.00	0.00	4.10	1,622.00	395.61
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	5.90	42.30	0.10	1.20	49.50	17,597.80	355.51
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Time Entry - SIP9 Time & Cost Summary

HYDRO - Hydrology PLC
Project Code: POST
From: 08/06/2017 To: 29/05/2018

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	17.70	16.00	5.10	1.30	40.10	14,381.80	359.65
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	1.80	10.40	10.40	0.20	22.80	6,940.20	304.39
Investigations	12.50	2.00	3.10	0.00	17.60	6,823.00	387.67
Realisations of Assets	33.90	0.50	0.00	0.00	34.40	14,722.60	427.98
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	65.90	28.90	18.60	1.50	114.90	42,867.60	373.09
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Appendix 3

1. Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

2. Creditors

Claims of creditors - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.