

The Insolvency Act 1986

**Notice of move from administration to dissolution****Pursuant to paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 and Rule 2.48(1) of the Insolvency (Scotland) Rules 1986**

Name of Company

Pelamis Wave Power Limited

Company number

SC182368

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

IAWe (a) Blair Carnegie Nimmo  
KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

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

having been appointed administrator of (b) Pelamis Wave Power Limited, KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

(c) Insert date of appointment

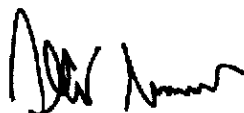
on (c) 21 November, 2014 by (d) Blair Carnegie Nimmo

(d) Insert name of applicant/appointor

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply.

I attach a copy of the final progress report

Signed



Administrator

Dated

23 June 2017

**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

Blair Carnegie Nimmo  
KPMG LLP  
37 Albyn Place  
Aberdeen  
Grampian  
AB10 1JB

Tel +44 (0) 1224 591000

FRIDAY

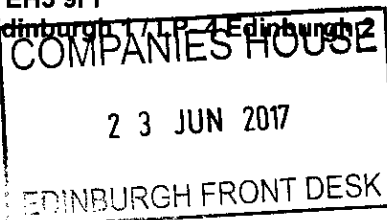


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\*S697LNE4\*  
23/06/2017  
COMPANIES HOUSE

#46

When you have completed and signed this form, please send it to the Registrar of Companies at:-  
**Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF**  
DXED235 Edinburgh 1 / LP 4 Edinburgh 2





Administrators'  
final progress  
report for the  
period 21  
November  
2016 to 23  
June 2017

Pelamis Wave Power Limited  
- in Administration

23 June 2017

# **Notice to creditors**

This progress report provides a final update on the administration of the Company.

I have included (Appendix 2) an account of all amounts received and payments made since my previous progress report.

I have also explained the exit route from the administration and the outcome for each class of creditors.

You will find other important information in the document such as the costs I have incurred.

A glossary of the abbreviations used throughout this document is attached (Appendix 5).

Finally, I have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+PEB24E5700.html>. I hope this is helpful to you.

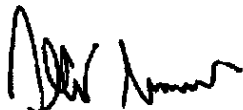
**Please also note that an important legal notice about this report is attached (Appendix 6).**

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# 1 Executive summary

- This final progress report covers the period from 21 November 2016 to 23 June 2017.
- The directors resolved on 21 November 2014 to place the Company into administration. The notice of appointment was lodged at the Court of Session on 21 November 2014 and Gary Steven Fraser and I were duly appointed Joint Administrators. Gary Steven Fraser has subsequently retired from KPMG and I have continued in my capacity as sole Administrator.
- The background and events leading up to the administration were outlined in Statement of Proposals (the 'proposals'), sent to all known creditors on 14 January 2015. The proposals were deemed to be approved without modification on 3 February 2015. A summary of the Statement of Proposals can be found at Appendix 4.
- Subsequent progress reports on the administration were sent to the Company's creditors on 1 July 2015, 22 December 2015, 27 June 2016, and 16 December 2016.
- During the period, offers were received for a grid connection agreement held by the Company, however, I have been unable to facilitate the assignation of the connection to the proposed purchaser. The contract was subsequently terminated and a refund of the initial project fee paid by the Company was received on 8 June 2017 (section 2 – Progress to date).
- There is a significant shortfall to the secured creditor, Scottish Enterprise (Section 3 – Dividend prospects)
- The preferential creditors received a dividend of 100p in the £ (Section 3 – Dividend prospects)
- There are insufficient funds available to pay a dividend to the unsecured creditors, including via the Prescribed Part (Section 3 – Dividend prospects).
- During the period, the Court granted a 6 week extension to the period of the administration to 3 July 2017 in order to allow the Administrator to finalise all outstanding matters.
- I have filed a copy of this final progress report with the Registrar of Companies together with the requisite form. The administration will cease to have effect when the Registrar of Companies registers these documents. The Company will be dissolved three months after that date.
- Please note: you should read this progress report in conjunction with my previous progress reports and proposals issued to the Company's creditors, which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+PEB24E5700.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Blair Nimmo  
Administrator

## **2 Progress to date**

This section provides a final update on the strategy for the administration and on the progress made. It follows the information provided in my previous progress report.

### **2.1 Strategy and progress to date**

As detailed in the proposals and subsequent progress reports, following a focused post administration sales process, no buyer was found for the Company's business and assets as a going concern. A sale of the majority of the Company's tangible and intangible assets to Highland and Islands Enterprise ('HIE') (acting through its subsidiary, WES) completed in January 2015.

As previously reported, following the sale to WES, the focus of the administration had been to realise the Company's other assets and facilitate the payment of preferential creditors' claims.

### **2.2 Asset realisations**

The attached receipts and payments account shows all assets that have been realised in the period (Appendix 2).

As previously reported, I had accepted an offer in respect of the assignation of a grid connection held by the Company at Armadale Bay.

However, following a period of protracted correspondence with the proposed purchaser, I was not able to facilitate the assignation as the terms could not be agreed.

The contract was therefore terminated and the initial project fee paid by the Company was refunded (less costs incurred). The refund of £48,319.80 was received on 8 June 2017.

### **2.3 Costs**

The attached receipts and payments account details significant costs which were incurred during the period (Appendix 2).

#### **Legal costs**

Legal costs of £16,916.70 were incurred during the period. These costs relate to the required Court extension of the period of the administration from 21 November 2016 to 20 May 2017 (together with a short term extension from 21 May 2017 to 3 July 2017), applying to the Court to disapply the Prescribed Part dividend (as noted in Section 3.3), and all matters relating to the proposed assignation (as noted in Section 2.2).

## **3 Outcome for creditors**

### **3.1 Secured creditors**

#### **RBS**

RBS had set off rights over £20,000 held in a deposit account in relation to the Company's corporate credit cards. These funds were returned to the administration account following the appointment and RBS has no further claim in the administration.

#### **Scottish Enterprise**

As outlined in the proposals, Scottish Enterprise provided funding to the Company which was secured by a bond and floating charge over the Company's business and assets. Scottish Enterprise confirmed that, at the date of my appointment, the principal debt owned by the Company was £12,880,647 (interest and charges continue to accrue on this balance).

Scottish Enterprise has received a final dividend of £57,362.17 under its floating charge, however, has incurred a significant shortfall on its debt.

### **3.2 Preferential creditors**

Preferential creditors were paid in full on 6 October 2015, with the final amount payable totalling £201,154.22 as shown in Appendix 2.

### **3.3 Unsecured creditors**

Where the Company has granted a floating charge after 15 September 2003, Section 176A of the Insolvency Act 1986 ('the Act') provides that a percentage share of realisations from net floating charge assets is set aside for unsecured creditors, subject to certain exceptions.

In this case, the floating charge held by the Secured Creditor was granted after 15 September 2003. Therefore Section 176A of the Act was applicable.

However, the estimated dividend payable to the unsecured creditors amounted to 0.08p per £ of claim. The costs of making a distribution to the unsecured creditors was disproportionate to the benefits.

Accordingly, the Administrator obtained an order from the Court to have the Prescribed Part dividend disappplied. The order was granted by the Court on 1 June 2017.

There will therefore not be a dividend to the unsecured creditors.

## **4 Administrators' remuneration, outlays and disbursements**

### **4.1 Administrators' remuneration, outlays and disbursements**

#### **Time costs**

From 21 November 2016 to 23 June 2017, we have incurred time costs of £54,034.00. These represent 165.10 hours at an average rate of £327.28 per hour.

Please see a detailed analysis of the time spent and a narrative description of the work performed (Appendix 3) and in our previous progress reports.

#### **Remuneration and outlays**

During the period, the Company's secured creditor, Scottish Enterprise, and the preferential creditors, approved Administrator's fees of £58,925.31 plus VAT and £25,149.61 plus VAT. These fees were drawn on 25 January 2017 and 11 April 2017 respectively.

In addition, a third party made a contribution towards my time costs in the sum of £7,000 plus VAT.

#### **Disbursements**

During the period I have not incurred any disbursements.

#### **Additional information**

I have attached (Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 21 November 2016 to 23 June 2017. I have also attached our charging and disbursements policy.



## **5 Conclusion of the administration**

During the period, the Court granted a six week extension to the period of the administration.

**The administration is due to come to an end on 3 July 2017.**

I have filed a copy of this final progress report with the Registrar of Companies together with the requisite form.

The administration will cease to have effect when the Registrar of Companies registers these documents. The Company will be dissolved three months after that date.

## Appendix 1 Statutory information

### Company information

Company name	Pelamis Wave Power Limited
Date of incorporation	26 January 1998
Company registration number	SC182368
Present registered office	KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

### Administration information

Administration appointment	The administration appointment granted in Court of Session
Appointor	Directors
Date of appointment	21 November 2014
Administrators' details	Blair Nimmo
Functions	The functions of the Administrator have been exercised by him individually in accordance with Paragraph 100(2).
Current administration expiry date	3 July 2017
Prescribed Part distribution	The Administrator obtained an order from the Court that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.

## Appendix 2 Administrators' receipts and payments account

Pelamis Wave Power Limited - in Administration

Trading accounts

### POST-APPOINTMENT SALES

Extension Payment	(7,000.00)	57,217.72
Licence Agreement Funding	NIL	75,000.00
	(7,000.00)	132,217.72

### OTHER DIRECT COSTS

Direct labour	NIL	(128,740.38)
Direct expenses	NIL	(98.40)
Consultant fees	NIL	(5,500.64)
	NIL	(134,339.42)

### TRADING EXPENSES

Rates	NIL	(41,053.35)
Water rates	NIL	(41.52)
Insurance	NIL	(137.80)
Bank charges & interest	NIL	(20.00)
	NIL	(41,252.67)

<b>Trading surplus/(deficit)</b>	<b>(7,000.00)</b>	<b>(43,374.37)</b>
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Pelamis Wave Power Limited - in Administration

Abstract of receipts & payments

ASSET REALISATIONS

Plant, Machinery and Equipment	NIL	113,424.00
Farr Point Wave Project Information	NIL	1.00
Stock	NIL	1.00
IT Assets, Business Intellectual Projec	NIL	191,573.00
Asset Records	NIL	1.00
Furniture & equipment	NIL	950.00
Motor vehicles	NIL	250.00
ScottishPower Agreement	NIL	14,000.00
Shares and investments	NIL	24,775.36
Cash at bank	NIL	474,406.67
	NIL	819,382.03

OTHER REALISATIONS

Bank interest, gross INCLUDES FINAL	54.76	1,333.36
Insurance HIE	NIL	3,459.96
Sundry refunds	200.81	10,990.41
Trading surplus/(deficit)	(7,000.00)	(43,374.37)
Refund of employee insurance	NIL	3,716.40
Refund from SSE	48,319.80	48,319.80
	41,575.37	24,445.56

COST OF REALISATIONS

Specific bonds	(450.00)	(450.00)
Administrators' fees	(84,074.92)	(338,959.56)
Agents'/Valuers' fees	NIL	(10,812.00)
Legal fees	(16,916.70)	(70,022.63)
Telephone/Telex/Fax	NIL	(5,458.25)
Electricity	NIL	(10,919.57)
Statutory advertising	NIL	(184.20)
Rent	NIL	(98,120.36)
Other property expenses	NIL	(84.75)
Bank charges	(20.00)	(500.00)
Property Maintenance	NIL	(5,904.41)
	(101,461.62)	(541,415.73)

PREFERENTIAL CREDITORS

Pelamis Wave Power Limited - in Administration

Abstract of receipts & payments

PAYE income tax etc	NIL	(38,576.45)
Nat. ins. contributions	NIL	(6,034.85)
Employees' wage arrears	NIL	(156,542.92)
	NIL	(201,154.22)
FLOATING CHARGE CREDITORS		
Floating charge	(57,362.17)	(57,362.17)
	(57,362.17)	(57,362.17)
UNSECURED CREDITORS		
Employees	NIL	(43,895.47)
	NIL	(43,895.47)
	<b>(117,248.42)</b>	<b>NIL</b>
REPRESENTED BY		
Floating ch. VAT rec'able		67,431.54
Floating charge current		NIL
Floating ch. VAT payable		(2,803.33)
Floating ch. VAT control		(64,628.21)
		<b>NIL</b>

## Appendix 3 Administrators' charging and disbursements policy

### Administrators' charging 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 tax, VAT, employee, pensions and health and safety advice from KPMG in-house 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 Administrators' Remuneration Scotland" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

[https://www.r3.org.uk/media/documents/technical\\_library/SIPS/Creditors' Guide to Administrators' Remuneration Scotland.pdf](https://www.r3.org.uk/media/documents/technical_library/SIPS/Creditors' Guide to Administrators' Remuneration Scotland.pdf)

If you are unable to access this guide and would like a copy, please contact Nicola Graham on 01224 416929.

### Hourly rates

Set out below are the relevant charge-out rates per hour worked 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.

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 to 31 Dec 2016
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

The hourly charge-out rates we use might periodically rise over the period of the administration, for example to cover annual inflationary cost increases.

#### Policy for the recovery of disbursements

We have recovered neither Category 1 nor Category 2 disbursements from the estate.

For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

**Category 1 disbursements:** These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. 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 disbursements:** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG 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 KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not incurred any disbursements during the period.

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

## Narrative of work carried out for the period 21 November 2016 to 23 June 2017

The key areas of work have been:

Cashiering	<ul style="list-style-type: none"> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ reconciling post-appointment bank accounts to internal systems; and</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Fees and WIP	<ul style="list-style-type: none"> <li>■ preparing fee notes for Administrators approved remuneration;</li> <li>■ drawing approved remuneration; and</li> <li>■ arranging for payment of Administrators remuneration.</li> </ul>
Statutory and compliance	<ul style="list-style-type: none"> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ dealing with all closure related formalities; and</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy;</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors; and</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Closure and related formalities	<ul style="list-style-type: none"> <li>■ reviewing case file to ensure that all asset have been realised and no further action to be taken;</li> <li>■ preparation of all closure clearance requirements with HM Revenue &amp; Customs, including clearance in respect of Corporation Tax, VAT and PAYE related matters.</li> <li>■ Submission of clearance requests to HM Revenue &amp; Customs;</li> <li>■ Applying to the Court for a short term six week extension due to an unforeseen asset realisation;</li> <li>■ Applying to the Court to have the Prescribed Part dividend disapplied; and</li> <li>■ Preparation of the final report to Court.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ analysing VAT related transactions;</li> <li>■ preparation and submission of final VAT 426 form to HM Revenue &amp; Customs;</li> <li>■ preparation of final Corporation Tax computations and returns;</li> <li>■ submission of final Corporation Tax computations and returns; and</li> <li>■ dealing with post appointment tax compliance.</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims;</li> <li>■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records;</li> <li>■ initiating the adjudication of unsecured creditor claims on the basis of a high offer from the preferred bidder in respect of the grid connection assignation;</li> <li>■ halting the adjudication of unsecured creditor claims when the aforementioned offer was significantly reduced, resulting in insufficient funds being available to facilitate a distribution to the unsecured creditors; and</li> <li>■ drafting update reports in respect of obtaining approval for the Administrators remuneration.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> <li>■ drawing remuneration in accordance with the basis and amount which has been approved together with outlays including disbursements as determined by secured and preferential creditors; and</li> <li>■ dealing with ongoing storage of the Company books and records.</li> </ul>
Reports to secured creditors	<ul style="list-style-type: none"> <li>■ providing written and oral updates to representatives of secured creditors regarding the progress of the administration and case strategy.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ dealing with queries from employees regarding various matters relating to the administration and their employment;</li> <li>■ communicating and corresponding with HM Revenue and Customs;</li> <li>■ dealing with issues arising from employee redundancies, including statutory notifications</li> </ul>



	<ul style="list-style-type: none"> <li>■ and liaising with the Redundancy Payments Office; and</li> <li>■ managing claims from employees.</li> </ul>
Investigations	<ul style="list-style-type: none"> <li>■ arranging for the cancellation of the redirection of the Company's mail.</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ investigating the potential realisation from the grid connection held by the Company;</li> <li>■ liaising with the preferred bidder to facilitate an assignation of the grid connection offer; and</li> <li>■ issuing final correspondence advising the that assignation could not complete;</li> <li>■ corresponding with SSE regarding termination of the contract; and</li> <li>■ liaising with SSE regarding the refund of the initial project fees paid by the Company.</li> </ul>
Leasehold property	<ul style="list-style-type: none"> <li>■ correspondence with landlords regarding renunciation of the lease for premises at 31 Bath Road, Leith.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; and</li> <li>■ assessing the level of insurance premiums and arranging to cancel cover where appropriate.</li> </ul>

SIP 9 – Time costs analysis (21/11/2016 to 23/06/2017)

Hours					Total	Total Cost	Average Hourly Rate
Partner	Manager	Administrator	Support				

## Cashiering

General (Cashiering)			3.85	3.85	1,095.75	284.61
Reconciliations (& IPS accounting reviews)	0.10		0.40	0.50	169.00	338.00
General						
Books and records			0.40	0.40	86.00	215.00
Fees and WIP	2.00		5.20	7.20	2,554.00	354.72
Statutory and compliance						
Appointment and related formalities			0.40	0.40	118.00	295.00
Checklist & reviews	1.30		1.95	3.25	1,190.25	366.23
Closure and related formalities	0.60	18.30	31.70	50.60	19,059.50	376.67
Reports to debenture holders	0.90			0.90	459.00	510.00
Tax						
Post appointment corporation tax	3.20		5.25	8.45	2,860.75	338.55
Post appointment PAYE (Non Trading)	0.30		0.80	1.10	389.00	353.64
Post appointment VAT	1.30		3.15	4.45	1,549.75	348.26

### Creditors and claims

Agreement of unsecured claims	1.20	22.70	<b>23.90</b>	5,860.50	245.21
General correspondence	0.10	10.90	<b>11.00</b>	3,202.50	291.14
Payment of dividends	4.70		<b>4.70</b>	2,397.00	510.00
Secured creditors		2.05	<b>2.05</b>	604.75	295.00
Statutory reports	0.90	2.50	<b>10.45</b>	3,754.75	359.31

## Employees

Correspondence	11.30	11.30	2,517.50	222.79
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## Investigations

Mail redirection	0.50	<b>0.50</b>	107.50	215.00
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## Asset Realisation

SIP 9 – Time costs analysis (21/11/2016 to 23/06/2017)

	Hours				Total	Time Cost	Average Rate
	Partner	Manager	Admin	Support			
Insurance			0.30		0.30	88.50	295.00
Leasehold property			8.30		8.30	2,448.50	295.00
Other assets		0.60	10.90		11.50	3,521.50	306.22
<b>Total in period</b>	<b>1.50</b>	<b>36.50</b>	<b>127.10</b>	<b>0.00</b>	<b>165.10</b>	<b>54,034.00</b>	<b>327.28</b>

## Appendix 4      Summary of Joint Administrators' proposals

Prior to entering into administration the Company had exhausted all possible funding options therefore 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:

### General matters

- 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.

### Distributions

- to make distributions to the secured and preferential creditors where funds allow;
- to make a distribution to unsecured creditors if funds become available after seeking the approval of the Court.

### Ending the administration

- 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, Gary Fraser and Blair Nimmo, 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 liquidation and to consider,
- if deemed appropriate, appointing us, Gary Fraser and Blair Nimmo, 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.

#### Joint Administrators' remuneration

We propose that:

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3

#### Discharge from liability

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 5      Glossary**

<b>Company</b>	Pelamis Wave Power Limited - in Administration
<b>Administrator / I</b>	Blair Nimmo
<b>KPMG</b>	KPMG LLP
<b>Secured creditor</b>	Scottish Enterprise

Any references in this progress report 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 (Scotland) Rules 1986 respectively.

## Appendix 6      Notice: About this report

This report has been prepared by Blair Nimmo the Administrator of Pelamis Wave Power Limited – in Administration (the 'Company') solely to comply with his statutory duty to report to creditors under the Insolvency (Scotland) Rules 1986 on the progress 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.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

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

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (Scotland) Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Administrator does not assume any responsibility and will not accept any liability in respect of this report to any such person.

Blair Carnegie Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

I am bound by the Insolvency Code of Ethics.

The Administrator act as an agent for the Company and contracts without personal liability. The appointments of the Administrator is personal to him and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

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