

# AM03

## Notice of administrator's proposals



Companies House

MONDAY



A04 \*A66GW9V4\* #231  
15/05/2017  
COMPANIES HOUSE

### 1 Company details

Company number 0 6 3 9 0 8 8 3  
Company name in full Offshore Group Newcastle Limited

**Filling in this form**  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Peter  
Surname Kubik

### 3 Administrator's address

Building name/number Quadrant House  
Street 4 Thomas More Square  
Post town London  
County/Region  
Postcode E 1 W 1 Y W  
Country

### 4 Administrator's name

Full forename(s) Michael  
Surname Kiely

**Other administrator**  
Use this section to tell us about  
another administrator.

### 5 Administrator's address

Building name/number Quadrant House  
Street 4 Thomas More Square  
Post town London  
County/Region  
Postcode E 1 W 1 Y W  
Country

**Other administrator**  
Use this section to tell us about  
another administrator.

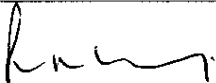
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Notice of Administrator’s Proposals

6 Statement of proposals

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| <input checked="" type="checkbox"/> | I attach a copy of the statement of proposals |  |
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7 Sign and date

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# 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.

Peter Kubik

UHY Hacker Young LLP

Quadrant House

4 Thomas More Square

London

Postcode

E 1 W 1 Y W

DX



### 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.



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**High Court Of Justice Court No.CR-2017-002437**

**Offshore Group Newcastle Limited  
In Administration**

**The Joint Administrators' Proposal**



**Peter Kubik and Michael Kiely  
Joint Administrators**

**UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW**

**Offshore Group Newcastle Limited - In Administration**

**The Joint Administrators' Proposal**

**11 May 2017**

**Contents**

1. Executive Summary
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8. Approval process

**Appendices**

1. The statement of proposals
2. Breakdown of the Joint Administrators' time costs from 27 March 2017 to 9 May 2017
3. Information to support the Joint Administrators' fee proposal, charge out rates and bases of disbursements

**1. Executive summary**

- 1.1 This Proposal incorporates the Statement of the Joint Administrators' Proposals for Offshore Group Newcastle Limited ('the Company'), prepared pursuant to paragraph 49(1) of Schedule B1 of the Insolvency Act 1986, attached at appendix 1.
- 1.2 The business was incorporated on 5 October 2007. The principal activity of the Company was head office activities and it traded from leasehold premises at Hadrian Way, Wallsend, Tyne and Wear, NE28 6HL.
- 1.3 Peter Kubik and Michael Kiely of UHY Hacker Young LLP were appointed Joint Administrators of the Company on 27 March 2017 by the qualifying floating charge holder of the Company.
- 1.4 As explained in more detail in the Statement of Proposals, the Joint Administrators are currently pursuing the third statutory objective of realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.5 A summary of the current and anticipated future positions are detailed below.

**Assets**

|                              | Realisations to<br>date | Anticipated<br>future<br>realisations | Total<br>anticipated<br>realisations |
|------------------------------|-------------------------|---------------------------------------|--------------------------------------|
| Asset                        | £                       | £                                     | £                                    |
| Cash at bank                 | 763,648                 | Nil                                   | 763,648                              |
| VAT refund                   | Nil                     | Uncertain                             | Uncertain                            |
| Potential action             | Nil                     | Uncertain                             | Uncertain                            |
| Intellectual property rights | 13,000                  | 20,000                                | 33,000                               |
| Insurance refund             | 3,475                   | Nil                                   | 3,475                                |
| Sale of records              | Nil                     | 25,000                                | 25,000                               |
| <b>Total</b>                 |                         |                                       | <b>825,123</b>                       |

**Expenses**

|                            | Expense<br>incurred to<br>date | Anticipated<br>further<br>expense | Total<br>anticipated<br>expense |
|----------------------------|--------------------------------|-----------------------------------|---------------------------------|
| Expense                    | £                              | £                                 | £                               |
| Joint Administrators' fees | £41,379                        | £59,396                           | 100,775                         |
| Solicitors' fees           | 29,064                         | 30,936                            | 60,000                          |
| All other expenses         | 11,604                         | 39,626                            | 51,230                          |
| <b>Total</b>               |                                |                                   | <b>211,985</b>                  |

**Dividend prospects**

| <b>Creditor class</b>              | <b>Distribution /<br/>dividend paid to date</b> | <b>Anticipated<br/>distribution / dividend</b> |
|------------------------------------|---|--|
|                                    | <b>£</b>  | <b>£</b>                                       |
| Secured creditor (fixed charge)    | Nil   | 18,000   |
| Secured creditor (floating charge) | Nil   | 474,896  |
| Preferential creditors             | Nil   | 1,600  |
| Unsecured creditors                | Nil   | 122,474  |

- 1.6 The Statement of Proposals at appendix 1 provides an explanation of the events leading to the Administration and the progress of the Administration to date, as well as other statutory information.
- 1.7 This Proposal provides more detailed information on the work that the Joint Administrators anticipate they will undertake to complete the Administration together with their proposed basis of fees. To put this request into context, this Proposal provides further information on the Joint Administrators' costs to date, including the costs incurred prior to Administration. It also explains other matters for creditors' consideration, such as the proposed timing of the Joint Administrators' discharge on conclusion of the Administration.
- 1.8 Definitions of the terms used in this Proposal are provided in appendix 1 together with all statutory information pertaining to the Company.

**2. Statement of pre-Administration costs**

- 2.1 On 20 March 2017, OGN Investments Partners Limited ('OGNIP'), the secured creditor and shareholder of the Company agreed with the proposed Joint Administrators that UHY Hacker Young LLP be paid fees for work done prior to the Administration. A set fee of £15,000 plus VAT and related expenses was agreed for the following tasks and matters that were considered to be necessary to placing the Company into Administration:

- Review of the financial information available;
- Meetings with the charge holder to discuss the options available;
- Meetings with the director and management for information;
- Providing general insolvency advice;
- Review of the Company's assets;
- Strategic case planning;
- Preparation and filing of the relevant forms to Court of the appointment of the Joint Administrators;
- Preparing internal files and paperwork.

- 2.2 Setting the Joint Administrators' fees in the sum of £15,000 plus VAT is considered to be a fair and reasonable reflection of the work undertaken, because if the Joint Administrators were to charge their fees on the basis of time costs incurred by them and their staff, this would result in a fee in excess of that proposed.
- 2.3 The Joint Administrators have received payment from OGNIP of £15,000 plus VAT on account of UHY Hacker Young LLP's pre-Administration fixed fee.
- 2.4 Solicitors were instructed to provide advice regarding the proposed appointment of Administrators and options available to enforce OGNIP's security. The sum of £11,075 plus VAT was paid by OGNIP.
- 2.5 No further fees shall be requested for the Joint Administrators' pre-Administration costs.

### **3. The Joint Administrators' fees**

- 3.1 The Joint Administrators propose to fix their fees on the following basis:
- the time properly given by the Joint Administrators' and their staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by UHY Hacker Young LLP at the time the work is performed plus VAT.
- 3.2 Attached at appendix 2 is a breakdown of the time costs incurred in the Administration from 27 March 2017 to 9 May 2017. The Statement of Proposals provides an account of the work undertaken to date and appendix 3 provides a detailed list of work undertaken and proposed to be undertaken by the Joint Administrators and their staff.
- 3.3 The charge-out rates of the Joint Administrators and their staff are detailed in appendix 3. The appropriate level of staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and claims being agreed. The grades of staff instructed to assist in this matter and their key responsibilities include:
- Support Staff: maintenance of the creditors' contacts database, assisting with creditors' queries and routine correspondence;
  - Administrators: on site attendance, assisting in the realisation of assets, employee matters, liaising with creditors and debtors, preparing reports to creditors and other statutory matters, and managing the cashiering function;



- Managers: reviewing the Company's position and affairs, handling asset realisations, reviewing draft statutory reports to creditors and overseeing the tax and VAT aspects of the case.
- 3.4 Creditors may access a Guide to Administrators' fees by visiting [https://www.r3.org.uk/media/documents/publications/professional/Creditors\\_Administration.pdf](https://www.r3.org.uk/media/documents/publications/professional/Creditors_Administration.pdf). A hard copy can be provided on request.
- 3.5 Further information is set out below and in the appendices to explain the future time costs that the Joint Administrators anticipate incurring in this Administration.

#### **4. The Joint Administrators' expenses**

- 4.1 The Joint Administrators' expenses are divided into two categories:
- Category 1 expenses are costs that can be specifically identified as relating to the administration of the case. These are charged to the estate at cost with no uplift. These include, but are not limited to, such items as advertising, bonding and other insurance premiums and properly reimbursed expenses. Legislation provides that administrators may discharge category 1 expenses from the funds held in the insolvent estate without further recourse to creditors. These are estimated to be £104,594.55 plus VAT.
  - Category 2 expenses are costs that are also directly referable to the appointment in question but not to a payment to an independent third party. Payments may only be made in relation to category 2 expenses after the relevant creditors have approved the bases of their calculation. These are estimated to be £6,635.00 plus VAT.
- 4.2 Appendix 3 provides details of the bases of the expenses that the Joint Administrators propose to recover from the insolvent estate.

#### **5. Proposed work to be undertaken**

- 5.1 Set out in appendix 3 is a detailed list of tasks that the Joint Administrators propose that they and their staff will undertake together with their estimates of the time these tasks will take to carry out in total. The most material tasks are summarised below.
- 5.2 The estimated outcome statement attached to the Statement of Proposals at appendix 1 provides an overview of the financial benefit that this work is expected to bring to creditors.

**Administration (including statutory reporting)**

5.3 The Joint Administrators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progressing of the Administration, which ensures that the Joint Administrators and their staff carry out their work to high professional standards.

5.4 Primarily, these tasks include:

- Meeting all statutory reporting and filing requirements, including 6-monthly reports, seeking an extension where necessary, and issuing a final report and notices;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Joint Administrators that materially affect the administration;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements; and
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

**Investigations**

5.5 The Joint Administrators examine the conduct of the Company and its directors prior to the Administration with two main objectives:

- To identify what assets are available for realising for the benefit of creditors, including any potential actions against directors or other parties, such as challenging transactions at an undervalue or preferences; and
- To enable the Joint Administrators to report to the Insolvency Service on the conduct of the directors so that the Insolvency Service may consider whether disqualification proceedings are appropriate ("CDDA" work).

5.6 In the early stages of the Administration, this work involves examining the Company's books and records, considering information received from creditors and the Company's accountants and seeking information from the Company's directors and other senior staff by means of questionnaires and/or interviews.

5.7 In the event that questionable transactions are identified, it may be necessary to conduct further investigations and instruct solicitors to assist in deciding the Joint Administrators' next steps in pursuing a recovery. If a potential recovery action is identified, it may be necessary to instruct professional agents in gathering evidence and in exploring further the existence and value of assets to target. If the Joint

Administrators encounter resistance in making a recovery, formal legal action may be appropriate.

- 5.8 In addition, if the Insolvency Service decides to proceed with a disqualification, the Joint Administrators will be required to assist the Insolvency Service's investigators in their work, which may include providing the investigators with access to the Company's books and records and agreeing statements to be given in evidence of those proceedings.
- 5.9 At this early stage, it is difficult to estimate the likely time costs and expenses that may be incurred in this work. The fees and expenses estimates presented below reflect the anticipated work in identifying potential causes of action. If any are identified and the Joint Administrators consider that additional work is required, they may revert to the relevant creditors to seek approval for fees in excess of the estimate.

#### **Realisation of assets**

- 5.10 The Statement of Proposals summarises the work carried out by the Joint Administrators to date in realising the Company's assets. The principal matters that require further work are:
- Completing and submitting the VAT return and pursuing the VAT refund;
  - Concluding a sale of the Company's intellectual property;
  - Agreeing and novating all contracts to Smulders Projects UK Limited;
  - Reviewing claims for retention of title;
  - Liaising with the bank for the transfer of the cash balance.

#### **Creditors (claims and distributions)**

- 5.11 As the Statement of Proposals explains, there a number of different classes of creditor involved in the Administration that require the Joint Administrators' attention. In particular, the Joint Administrators anticipate conducting the following key tasks:
- With the assistance of solicitors, examining the validity of the secured creditor's claim and, where relevant, paying distributions to the secured creditor;
  - Assisting the employees to receive payments from the RPO and liaising with the RPO to agree its claim;
  - Reviewing the life assurance scheme and the claims to be made as Trustee of the policy and liaising with the broker;
  - Reviewing claims submitted by the tax departments and, where it is appropriate, examining the Company's records to appeal assessments or adjudicate on the Crown's claims;
  - Responding to creditors' queries and logging their claims and supporting information;
  - Maintaining the database as regards creditors' contact details and claims;

- Dealing with a creditors' committee, if one is appointed;
- If a prescribed part dividend is to be paid in the Administration, adjudicating on all unsecured creditors' claims, including seeking further information where necessary; and
- Where relevant, calculating and paying the prescribed part dividend and dealing with unclaimed dividends.

**6. Other information to support the proposed fees**

- 6.1 Attached at appendix 3 is an estimate of the time that the Joint Administrators envisage the above work will take to complete. Appendix 3 also provides their estimate of the expenses that have been or are likely to be incurred.
- 6.2 Please note that the estimates have been provided on the assumptions given below. In the event that it proves necessary for the Joint Administrators to incur additional expenses in performing their duties, they will provide further details in their progress reports, but there is no statutory obligation to ask creditors to approve any adjusted expenses estimate. In the event that the Joint Administrators incur time costs in excess of their fee estimate, they will only revert to the relevant creditors for approval if they propose to draw any fees in addition to those estimated from the insolvent estate.
- 6.3 Please note that these assumptions are only for the purposes of preparing the estimates in accordance with the statutory provisions. It has been assumed that:
- investigations to the extent described above will be carried out;
  - no exceptional work will need to be conducted in order to realise the remaining assets;
  - there will be no requirement to hold a physical creditors' meeting or additional decision procedures to consider the matters covered by this Proposal; and
  - there will be no need to extend the Administration.
- 6.4 In summary, the Joint Administrators propose that their fees be fixed on the basis of time costs and they estimate that they and their staff will spend time totalling £100,775 in conducting the tasks described. This estimate includes the time spent to date of £41,379.25, as described in appendix 3.
- 6.5 On the basis of these assumptions, the Joint Administrators do not anticipate that it will be necessary to seek additional approval from the relevant creditors for fees in excess of the fee estimate. However, in the event that the Administration does not proceed as envisaged, the Joint Administrators will seek approval for any fees in addition to those estimated that they wish to draw from the insolvent estate.

**7. The Joint Administrators' discharge**

- 7.1 The Insolvency Act 1986 requires that the timing of the Joint Administrators' discharge from liability will be decided by the secured and preferential creditors. The Joint Administrators propose that this discharge will take effect when their appointment ceases to have effect, unless the court specifies a time.

**8. Approval process**

- 8.1 As explained in Section 6 above, based on the current financial information the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of Section 176A(2)(a) of the Act). Therefore, pursuant to paragraph 52(1)(b) of Schedule B1 of the Act, the Joint Administrators are not required to seek creditors' approval of the Statement of Proposals.
- 8.2 Notwithstanding this, the Joint Administrators shall be required to seek a creditors' decision on whether to approve the Statement of Proposals if it is requested by creditors whose debts amount to at least 10% of the Company's total debts. Such request must be delivered to the Joint Administrators within 8 business days from the date on which the Statement of Proposals is delivered. Security must be given for the expenses of seeking such a decision.
- 8.3 If no request for a decision is made, the Statement of Proposals will be deemed to be approved pursuant to Rule 3.38(4) of the Insolvency Rules 2016.
- 8.4 If any creditor has any queries in relation to the above, please do not hesitate to contact either of the Joint Administrators or Skevi Iacovou, on 020 7216 4885 or by email to [s.iacovou@uhy-uk.com](mailto:s.iacovou@uhy-uk.com).



**Peter Kubik**  
Joint Administrator

Peter Kubik and Michael Kiely are authorised to act as Insolvency Practitioners in UK by the Insolvency Practitioners Association and are bound by the Code of Ethics.

The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

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**Offshore Group Newcastle Limited - In Administration**

**Appendix 1 – Statement of the Joint Administrators’ Proposals pursuant to Schedule B1 of the Insolvency Act 1986**

**High Court Of Justice Court Number CR-2017-002437**

**Offshore Group Newcastle Limited - In Administration**

**Statement of the Joint Administrators' Proposals  
pursuant to Schedule B1 of the Insolvency Act 1986**

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5. The Purpose of the Administration
6. Management of the Company's Affairs since the Joint Administrators' Appointment
7. The Estimated Financial Statement and the Outcome for Creditors
8. The Joint Administrators' Fees
9. Approval of the Statement of Proposals
10. Summary of the Joint Administrators' Statement of Proposals

**Attachments**

1. Definitions
2. Statutory information
3. Estimated financial statement and creditors' details as at 27 March 2017
4. Estimated outcome statement
5. The Joint Administrators' receipts and payments account for the period 27 March 2017 to 9 May 2017

## **1. Disclaimer notice**

- 1.1 This Statement of Proposals has been prepared by Peter Kubik and Michael Kiely, the Joint Administrators of 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.
- 1.2 Any estimated outcomes for creditors included in this Statement of Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- 1.3 Any person that chooses to rely on this document 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 this Statement of Proposals.
- 1.4 The Joint Administrators act as agent for the Company and contract without personal liability. The appointment of the Joint Administrators is personal to them and, to the fullest extent permitted by law, UHY Hacker Young LLP does not assume any responsibility and will not accept any liability to any person in respect of this Statement of Proposals or the conduct of the Administration.
- 1.5 All licensed Insolvency Practitioners of UHY Hacker Young LLP are licensed to act in the UK by the Insolvency Practitioners Association.

## **2. Introduction**

- 2.1 This Statement of Proposals is prepared pursuant to Schedule B1 of the Act in relation to the Company, the purposes of which are to provide creditors with a full update as to the present position and to set out the Joint Administrators' Proposals for achieving an Administration objective.
  - 2.2 The Statement of Proposals also includes information required to be provided to creditors pursuant to the Rules. Definitions of the terms used in the Statement of Proposals are provided in attachment 1 and statutory information pertaining to the Company is set out in attachment 2.
  - 2.3 This Statement of Proposals is being delivered to creditors on 15 May 2017. Based on the current financial information, there is insufficient property to enable a distribution to be made to the unsecured creditors, other than by means of the prescribed part.
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Offshore Group Newcastle Limited - In Administration  
Statement of Joint Administrators' Proposals  
Pursuant to Schedule B1 of the Insolvency Act 1986

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- 2.4 Consequently and in accordance with paragraph 52(1)(b) of Schedule B1 of the Act, creditors are not being asked to decide on the Joint Administrators' Proposals, although they may ask the Joint Administrators to request such a decision. Please see section 8 for further details.

**3. Background to the Company**

- 3.1 The business was incorporated on 5 October 2007. The Company traded from leasehold premises at Hadrian Way, Wallsend, Tyne and Wear, NE28 6HL.
- 3.2 The Company was funded by its shareholder, OGN Investment Partners Limited ('OGNIP'), which was granted a debenture over the Company.
- 3.3 The Company was part of a group which included OGN North Sea Limited ('North Sea'), OGN Property Limited ('Property') and OGN Energy Resource Services Limited ('ERS') together referred to as the Group. Please note that all three companies are subsidiaries of Offshore Group Newcastle Limited. Mr David Edwards was the CEO of the Group and in late 2016 – early 2017 - a sole director of its subsidiaries.
- 3.4 New capital expenditure in the UK and Norwegian North Sea oil and gas exploration and production sector – the main market for the Company's services - significantly reduced following the sharp decrease in world oil prices in 2014 and which remained ongoing. The number of new enquiries reduced and competition heightened leading to a significant contraction in market opportunities for the group. In parallel, the offshore wind market was affected by a number of policy changes, which delayed a substantial volume of new developments and also increased the requirements of offshore wind developers for the financial strength of contractors and the levels of contractual liabilities. As a consequence it became challenging to secure any offshore wind projects in its own name given the onerous nature of contracts and the limited financial strength of both the company and Group balance sheet.
- 3.5 The Company's subsidiary – North Sea had entered into contracts to complete a number of projects. One of the projects was with Kvaerner. In February 2016, and following an agreed contract settlement made effective 1 December 2015, Kvaerner notified the North Sea that it would not pay North Sea a final agreed milestone amount of £2,000,000. This action gave rise to a significant outstanding debt and which placed North Sea in a constrained financial position.
- 3.6 Following negotiations with Kvaerner in December 2016, a settlement was agreed at £1,050,000 (out of the outstanding £2,000,000), which adversely affected the Group's cash flow position.
- 3.7 In December 2015 the board of the Company and the Group agreed upon the need to take professional advice in respect of the financial position of both the Company and
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Offshore Group Newcastle Limited - In Administration  
Statement of Joint Administrators' Proposals  
Pursuant to Schedule B1 of the Insolvency Act 1986

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the Group, having regard to the potential financial difficulties encountered by the Group due to the Kvaerner contract settlement agreed in December 2015 coupled with very adverse market conditions. Professional advice comprised engaging Deloitte LLP ("Project Rome") and Mills & Reeve (Legal).

- 3.8 Deloitte LLP were engaged in January 2016 and to undertake a full review of the group covering many aspects inter alia: review of cash flows by each entity and group, a security review, analysis of both secured and unsecured creditors, scenario and options analyses for restructuring, estimated outcome statements under different scenarios, feasibility assessments in securing new projects and in seeking collaborations with potential partners in both the oil & gas and renewables sectors. Deloitte reported back on their findings to the board of directors by way of written reports and also were invited to attend and present their findings at a March 2016 board meeting.
- 3.9 Mills & Reeve undertook a security review on behalf of the group and provided general advice and support to the Directors as and when required. The Company embarked on a programme of completing its outstanding contracts but was not able to secure or enter into any new project work from January 2016 onwards. From January 2016, the focus was on closing out two existing contracts covering Kvaerner and ConocoPhillips.
- 3.10 The Company also started working with the Smulders Group and with other potential joint collaborations in the industry to secure further contracts.
- 3.11 Negotiations were held between the Company, Smulders and the landlord which resulted in a Memorandum of Understanding and an Exclusivity Agreement dated 31 May 2016.
- 3.12 The Exclusivity Agreement was initially for a period of three months and the fee was £405,000. The Agreement was extended a number of times with further fees paid until Smulders acquired the assets of the Company and North Sea in February 2017 for the sum of £2,500,000. In support of the valuation and related consideration for the assets obtained in February 2016.
- 3.13 The Company began negotiating a service contract with Smulders in 2016 to provide services which Smulders could not undertake. This was separate to the Exclusivity Agreement and sale of the assets. Services were provided prior to the terms of the contract being finalised.
- 3.14 The Company sourced services on behalf of Smulders with a value of circa £5,000,000 and monthly payments were made by Smulders to the Company. It was agreed that a margin would be paid by Smulders on top of the cost elements of the Company's services.
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Offshore Group Newcastle Limited - In Administration  
Statement of Joint Administrators' Proposals  
Pursuant to Schedule B1 of the Insolvency Act 1986

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- 3.15 Throughout the period which the services were provided, it was accepted that a margin would be payable however the amount was under negotiation.
- 3.16 Mr Edwards had a long-standing relationship with one of the key individuals of Smulders and negotiations were, in the main, via Mr Edwards. In late December 2016 Mr Edwards suffered a stroke, but gradually returned to work in January 2017.
- 3.17 However, in early March 2017 Mr Edwards suffered a second stroke and was unable to continue working. Mr Temerko took his place in the negotiations with Smulders. At the same time the Group also tried to find new directors for the subsidiaries of OGNL, but was not successful.
- 3.18 Around 15 March 2017 a formal meeting was held with Smulders to finalise the formal terms of the service agreement however, it became apparent that Smulders were unlikely to pay sufficient sums under the agreement for services which had been, and continued to be provided since June 2016.
- 3.19 Having regard to the financial position of the Company, Mr Temerko approached the debenture holder to explain the position and seek financial support. On 17 March 2017 Mr Temerko engaged UHY Hacker Young LLP to undertake a financial review of the Group to provide advice to the directors and secured creditors and such review showed that the Group cannot meet all its liabilities. The debenture holder, OGNIP, made a demand for repayment and appointed Administrators on 27 March 2017.

**Overview of the financial information**

- 3.20 The balance sheet of the Company as at 30 June 2015 is below. Please note that this information has not been verified by the Joint Administrators or by UHY Hacker Young LLP.

|   | 2015<br>£'000 | 2014<br>£'000 |
|---|---------------|---------------|
| <b>Fixed assets</b>                     |               |               |
| Investments                             | 0             | 0             |
| Intangible fixed assets                 | 283           | 383           |
| Tangible fixed assets                   | 1,029         | 1,259         |
|   | 1,312         | 1,642         |
| <b>Current assets</b>                   |               |               |
| Debtors                                 | 1,593         | 1,412         |
| Cash at bank                            | 168           | 583           |
|   | 1,761         | 1,995         |
| <b>Creditors (due within one year)</b>  | (1,593)       | (2,495)       |
| <b>Deferred tax liability</b>           | (46)          | (18)          |
| <b>Net current assets/(liabilities)</b> | 122           | (518)         |

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Offshore Group Newcastle Limited - In Administration  
Statement of Joint Administrators' Proposals  
Pursuant to Schedule B1 of the Insolvency Act 1986

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| <b>Creditors</b> (due after one year) | (3,454)        | (3,373)        |
| <b>Provision for liabilities</b>      | (485)          | 0              |
| <b>Net liabilities</b>                | <u>(2,505)</u> | <u>(2,249)</u> |
| <br><b>Capital and reserves</b>       |                |                |
| Called up share capital               | 1,000          | 1,000          |
| Share premium account                 | 6,604          | 6,604          |
| Profit and loss account               | (10,109)       | (9,853)        |
| <b>Shareholders' deficit</b>          | <u>(2,505)</u> | <u>(2,249)</u> |

*Source: Annual report and financial statements for the year ended 30 June 2015*

**Management and employees**

- 3.21 Prior to the Administration, the Company employed three members of staff two of which were the directors.
- 3.22 The two directors were made redundant upon our appointment. The remaining employee, who is subject to a work visa, has been retained with a view to be transferred to a connected company.
- 3.23 Statutory information on the Company, including details of the directors, company secretary and shareholders is provided at attachment 2.

**4. Events leading to the Administration**

- 4.1 Following the demand for repayment issued by OGNIP to the Company, OGNIP sought financial advice for the Group from UHY Hacker Young LLP in March 2017.
- 4.2 As it became clear that the Company was unable to pay its debts, OGNIP sought to enforce their security.
- 4.3 Peter Kubik and Michael Kiely were appointed Joint Administrators of the Company on 27 March 2017 following a notice of appointment of an administrator by OGNIP, the qualifying floating charge holder.
- 4.4 The functions, duties and powers of the Joint Administrators can be carried out by either of them.
- 4.5 Please note that the EC Regulation on insolvency proceedings apply in this case and these proceedings are main proceedings.

**5. The purpose of the Administration**

- 5.1 The purpose of an Administration is set out in Schedule B1, Paragraph 3(1) of the Act.

Offshore Group Newcastle Limited - In Administration  
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5.2 In short, this provides that an Administrator of a company must perform his functions with the objective of:

- (a) rescuing the company as a going concern, or
- (b) achieving a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration), or
- (c) realising property in order to make a distribution to one or more secured or preferential creditors.

5.3 These objectives form a hierarchy. The rescue of a company is the priority. If this is not possible, the Administrator seeks to achieve a better result for the creditors as a whole. In the event that this cannot be achieved, then the Administrator is permitted to realise assets for the benefit of the preferential or secured creditors.

5.4 Objective (a) could not be achieved due to the level of the Company's liabilities and as the Company had ceased trading, there was no possibility of restructuring the business or a Company Voluntary Arrangement.

5.5 Objective (b) is normally achieved by a sale of the business and assets as a going concern, however, in this case the business and assets of the Company had been sold prior to the Administration. The remaining assets available to realise, whilst would improve the overall financial position of the Company, is unlikely to provide a dividend (other than the prescribed part) to unsecured creditors. Therefore, unsecured creditors have not directly benefited and accordingly the Joint Administrators do not consider it likely that the second objective will be achieved and have therefore proceeded to objective (c).

5.6 Objective (c) will be achieved through the realisation of the remaining assets.

5.7 A detailed account of how the Joint Administrators have sought to achieve the objective of the Administration is set out below.

## **6. Management of the Company's affairs since the Administrators' appointment**

6.1 Immediately upon appointment the Joint Administrators undertook a review of the Company's affairs with particular regard to its financial requirements. This assessment was carried out in liaison with the remaining management of the Company.

### **Smulders Projects UK Limited ('Smulders')**

6.2 A thorough review was undertaken of the existing arrangements with the suppliers to the Company, the ongoing arrangement with Smulders and the asset sale agreement to Smulders. The ongoing trading liabilities of the Company had to be immediately

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Offshore Group Newcastle Limited - In Administration  
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transferred to Smulders or an undertaking of indemnity provided from Smulders in the interim. This included:-

- Contracts with subcontractors novated to Smulders;
- Transfer of the utilities at Hadrian Yard to Smulders;
- Removal of the Company from the CDM Construction Phase Plan at Hadrian Yard;
- Retaining staff employed within the OGN group.

6.3 Upon review of the asset sale agreement to Smulders it appeared that not all assets were included. A complex negotiation was undertaken with Smulders, as they believed that all assets had been purchased. An agreement was eventually resolved for further consideration to be paid.

6.4 A sale in the sum of £50,000 was agreed for the IPR in both the Company and OGNL. The split between the two companies was completed in accordance with the split between the assets in the sale contract; being 24% to OGNL and 74% to the Company. As a result the sum of £37,000 was received.

**Cash at bank**

6.5 Upon appointment, the Joint Administrators contacted the Company's former bank in order to arrange a transfer of the credit balance held.

**Life assurance scheme**

6.6 The OGN group had a life assurance scheme for all employees. The Company is the trustee of the scheme.

6.7 Following the appointment of the Joint Administrators, two employees within the group who had been terminally ill passed away. The Joint Administrators are in the process of assisting with the life assurance claims.

6.8 Prior to the Administration, the premiums for the policy had not been paid. The Trust does however hold the sum of approximately £90,000 in a trust account for the benefit of the scheme. It is intended that these funds will be utilised to pay the outstanding premiums and ensure the two claims are settled.

**Assets remaining to be realised**

**Intellectual property rights**

6.9 The Company has additional IPR that Smulders did not wish to purchase. The Company's director has expressed an interest in the remaining IPR and an offer of £20,000 has been made.

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**Access rights**

- 6.10 In addition to the above, the Company's director has also offered to purchase various rights afforded to the Company in accordance with the sale contract to Smulders. The sum of £10,000 has been offered for these rights.

**VAT refund**

- 6.11 It is expected that the Company had a VAT refund due to it in the region of £100,000. I have requested financial records to review the position and ascertain the true figure of the refund. It is however expected that HM Revenue and Customs will deduct any monies due before such a refund is issued. The level of the refund is therefore uncertain at this stage.

**Book debts**

- 6.12 The Company's accounts show outstanding debtors with a value of £868,000. It is uncertain what these relate to and I am continuing to investigate this.
- 6.13 The Company had an outstanding debt from a member of the Group, Property, for the sum of £2,400,000. As Property is expected to be placed into Liquidation shortly, it is expected that a dividend will not be available to its unsecured creditors.

**Potential action**

- 6.14 We are looking into potential actions but due to the sensitive nature of these actions, I am unable to provide further information.

**Post appointment strategy**

- 6.15 The Joint Administrators' staff are in the process of collating creditors' claims and have handled creditors' queries as they have arisen which include telephone calls and correspondence.
- 6.16 The Joint Administrators' legal advisors, Gresham Legal LLP, have advised in respect of all legal issues arising on the sale of various assets, the life assurance scheme, the transfer of assets to Smulders and other post appointment matters.
- 6.17 All professional fees are based upon the parties' time costs incurred at their standard charge out rates and will be reviewed by the Joint Administrators before being approved for payment.

**Investigation into the Company's affairs prior to the Administration**

- 6.18 The Joint Administrators are undertaking a review of the Company's trading activities in order to establish whether or not there are actions that may be taken for the benefit of the Administration and consequently to enable a conduct report to be submitted in respect of Company directors in office at the commencement of the Administration and any who resigned in the three years prior to the Administration.
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Statement of Joint Administrators' Proposals  
Pursuant to Schedule B1 of the Insolvency Act 1986

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6.19 Should any creditor have any concerns about the way in which the Company's business has been conducted or information on any potential recoveries for the estate, they are invited to bring them to the attention of the Joint Administrators as soon as they are able.

**7. The estimated financial position and the outcome for creditors**

7.1 Mr Edwards was the CEO of the Group. Unfortunately, he had been ill for some time and passed away shortly after the appointment of the Administrators.

7.2 Mr Temerko was not involved in the day to day running of the business and, as such, is unable to provide a Statement of Affairs.

7.3 In accordance with the standard format of a Statement of Affairs, no provision has been made in the Statement for the costs of the Administration (including agents, legal and other professional fees).

7.4 The Joint Administrators have not carried out any work of the nature of an audit on the information.

**Secured creditors**

7.5 The Company granted a debenture to OGNIP providing fixed and floating charges together with a cross guarantee from each member of the Group.

7.6 The charges were created on 13 January 2011 and 24 September 2014 and registered at Companies House on 18 January 2011 and 30 September 2014 respectively.

7.7 A demand letter issued to the Company in March stated the sum of USD\$1,656,346.08 was outstanding. This some converted to GBP at the date of the Administration is £1,324,076.86.

7.8 The anticipated recovery to the secured creditor is shown in the estimated outcome statement at attachment 3.

**Preferential claims**

7.9 Preferential claims relates to employees' unpaid wages and outstanding holiday.

7.10 The Company had three employees at the date of the Administration. Two of which were made redundant immediately with the other retained.

7.11 All employee wages were paid therefore the only preferential claim will be in respect of outstanding holiday due.

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7.12 The remaining employee, who is subject to a work visa, has been retained with a view to be transferred to a connected company. The connected company shall be settling the employee's wages until a transfer has been completed.

**Prescribed part**

7.13 Section 176A of the Act requires the Joint Administrators to make a prescribed part of the Company's net property, which is the balance remaining after discharging the preferential claims but before paying the floating charge-holder, available for the satisfaction of unsecured debts.

7.14 From the estimated outcome statement at attachment 4, you will note that the net property is estimated to be £593,518, which would result in an estimated prescribed part of £121,704. Please note that the net property figures and associated costs can only be estimated at this stage and therefore the value of the prescribed part is only an estimate and is subject to change.

7.15 At attachment 5 is the Joint Administrators' receipts and payments account for the period 27 March 2017 to 9 May 2017 which is, in the main, self-explanatory.

**8. The Joint Administrators' fees**

8.1 The Joint Administrators propose to be remunerated on the basis of the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by UHY Hacker Young LLP at the time the work is performed, estimated to be £100,755 plus VAT.

8.2 The category 1 and 2 disbursements are estimated to be £104,594.55 and £6,635.00 plus VAT respectively.

8.3 The Joint Administrators will seek approval for the basis of their fees from the secured and preferential creditors.

8.4 Information to support the proposed basis of the Joint Administrators' fees is provided in the Joint Administrators' Proposal, to which this Statement of Proposals forms an appendix.

**9. Approval of the Statement of Proposals**

9.1 As explained above, based on the current financial information the Company has insufficient property to enable a distribution to be made to unsecured creditors, other than the prescribed part. Therefore, pursuant to paragraph 52(1)(b) of Schedule B1 of the Act, the Joint Administrators are not required to seek creditors' approval of the Statement of Proposals.

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Offshore Group Newcastle Limited - In Administration  
Statement of Joint Administrators' Proposals  
Pursuant to Schedule B1 of the Insolvency Act 1986

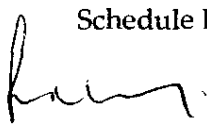
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- 9.2 Notwithstanding this, the Joint Administrators shall be required to seek a creditors' decision on whether to approve the Statement of Proposals, if it is requested by creditors whose debts amount to at least 10% of the Company's total debts. Such request must be delivered to the Joint Administrators within 8 business days from the date on which the Statement of Proposals was delivered. Security must be given for the expenses of seeking such a decision.
- 9.3 If no decision is requested, the Statement of Proposals will be deemed to be approved pursuant to Rule 3.38(4) of the Rules.

## 10. Summary of the Joint Administrators' Proposals

10.1 The Statement of Proposals is summarised below.

- a. The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
  - (ii) they sell the Company's remaining assets at such time(s) and on such terms as they consider appropriate;
  - (iii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
  - (iv) they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
- b. In the event that there is no remaining property that might permit a distribution to the Company's creditors (other than the prescribed part), the Joint Administrators shall file a notice of dissolution of the Company pursuant to paragraph 84 of Schedule B1 of the Act.

  
**Peter Kubik**  
Joint Administrator

Peter Kubik and Michael Kiely are authorised to act as Insolvency Practitioners in the UK by the Insolvency Practitioners Association and are bound by the Code of Ethics. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

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**Offshore Group Newcastle Limited - In Administration**  
**Attachment 1 - Definitions**

|                            |   |
|----------------------------|---|
| The Act                    | The Insolvency Act 1986   |
| The Rules                  | The Insolvency Rules 1986 or the Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event described) |
| The Statement of Proposals | The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act             |
| The Joint Administrators   | Peter Kubik and Michael Kiely   |
| The Company                | Offshore Group Newcastle Limited - In Administration  |
| The Court                  | High Court Of Justice   |
| RPO                        | The Redundancy Payments Office  |
| HMRC                       | HM Revenue & Customs  |
| EOS                        | Estimated Outcome Statement   |
| PP or Prescribed Part      | The Prescribed Part of the Company's net property subject to Section 176A of the Insolvency Act 1986                            |
| QFCH                       | Qualifying Floating Charge Holder   |
| SIP                        | Statement of Insolvency Practice (England & Wales)  |

Offshore Group Newcastle Limited - In Administration  
Statement of Joint Administrators' Proposals  
Pursuant to Schedule B1 of the Insolvency Act 1986

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**Offshore Group Newcastle Limited - In Administration**  
**Attachment 2 – Statutory information**

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Company name                      Offshore Group Newcastle Limited - In Administration

Previous name                      SLP Production Limited (12 October 2007 to 29  
September 2010)

Trading name                      Not applicable

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Proceedings                      Administration

Court                                  High Court Of Justice

Court Reference                      CR-2017-002437

Date of Appointment                      27 March 2017

Joint Administrators                      Peter Kubik and Michael Kiely  
Of UHY Hacker Young LLP, Quadrant House, 4 Thomas  
More Square, London, E1W 1YW

Registered office                      c/o UHY Hacker Young LLP, Quadrant House, 4 Thomas  
More Square, London, E1W 1YW

Former registered office                      Hadrian Way, Wallsend, Tyne and Wear, NE28 6HL

Company number                      06390883

Incorporation date                      5 October 2007

Company secretary                      Richard Campbell

Appointment by                      OGN Investment Partners Limited

Directors at date of  
Appointment                      David Edwards (deceased)  
Alexander Temerko

Shareholders                      OGN Investment Partners Limited - 874,997 ordinary A  
shares  
David Edwards (deceased) – 75,000 ordinary B shares  
Keppel Fels Limited – 50,000 ordinary C shares

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Offshore Group Newcastle Limited - In Administration  
Statement of Joint Administrators' Proposals  
Pursuant to Schedule B1 of the Insolvency Act 1986

**Offshore Group Newcastle Limited - In Administration**

**Attachment 3 – Estimated financial statement and creditors' details as at 27 March 2016**

|   | <b>Book values</b> |                    | <b>Administration</b> |                    |
|---|--------------------|--------------------|-----------------------|--------------------|
|   | £                  | £                  | £                     | £                  |
| <b>Assets specifically pledged</b>                    |                    |                    |                       |                    |
| Intellectual property rights                          | -                  |                    | 33,000                |                    |
| Less amount due to charge holder                      | (1,325,079)        |                    | (1,325,079)           |                    |
| <b>Surplus/(deficit) to charge holder</b>             |                    | <b>(1,325,079)</b> |                       | <b>(1,292,079)</b> |
| <b>Assets not specifically pledged</b>                |                    |                    |                       |                    |
| Cash at bank  | 763,648            |                    | 763,648               |                    |
| Insurance refund                                      | -                  |                    | 3,475                 |                    |
| VAT refund  | -                  |                    | Uncertain             |                    |
| OGN Property Limited                                  | 2,400,000          |                    | -                     |                    |
| Debtors   | 1,408,792          |                    | Uncertain             |                    |
| Potential action                                      | -                  |                    | Uncertain             |                    |
| Sale of records                                       | -                  |                    | 10,000                |                    |
|   |                    | <b>4,572,440</b>   |                       | <b>777,123</b>     |
| <b>Preferential creditors</b>                         |                    |                    |                       |                    |
| Wages and holiday pay                                 | -                  |                    | (1,600)               |                    |
|   |                    | -                  |                       | <b>(1,600)</b>     |
| <b>Net property available</b>                         |                    | <b>4,572,440</b>   |                       | <b>775,523</b>     |
| <b>Estimated prescribed part of net property</b>      |                    | -                  |                       | 158,105            |
| Surplus available to floating charge holder           |                    | 4,572,440          |                       | 617,418            |
| <b>Secured creditor</b>                               |                    | (1,325,079)        |                       | (1,292,079)        |
| <b>Surplus/(deficiency) to floating charge holder</b> |                    | <b>3,247,361</b>   |                       | <b>(674,661)</b>   |
| <b>Funds available to unsecured creditors</b>         |                    | <b>3,247,361</b>   |                       | <b>158,105</b>     |
| <b>Unsecured creditors</b>                            |                    |                    |                       |                    |
| Employees (notice and redundancy pay)                 | -                  |                    | Uncertain             |                    |
| OGN Energy Services Limited                           | (250,000)          |                    | (250,000)             |                    |
| OGN North Sea Limited - In Administration             | (550,000)          |                    | (550,000)             |                    |
| Landlord (Newcastle)                                  | (1,291,890)        |                    | (1,291,890)           |                    |
| Landlord (Lowerstoft)                                 | Uncertain          |                    | Uncertain             |                    |
| HM Revenue and Customs (PAYE)                         | (173,524)          |                    | (173,524)             |                    |
| Trade and expense creditors                           | (2,964,927)        |                    | (2,964,927)           |                    |
|   |                    | <b>(5,230,341)</b> |                       | <b>(5,230,341)</b> |
| <b>Total deficiency to unsecured creditors</b>        |                    | <b>(1,982,980)</b> |                       | <b>(5,072,236)</b> |
| <b>Total surplus/(deficiency) to all creditors</b>    |                    | <b>(1,982,980)</b> |                       | <b>(5,746,897)</b> |

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**Offshore Group Newcastle Limited – In Administration****Schedule of secured creditors****Secured creditor**

| <b>Secured creditor's name and address</b>   | <b>Amount of claim (estimated)</b> | <b>Details of security</b>                          | <b>Date security was given</b>   | <b>Value of security (per Statement of Affairs)</b> |
|--|------------------------------------|---|--|---|
| OGN Investment Partners Limited,<br>3076 Sir Francis Drake's Highway, PO Box 3463, Road Town, Tortola, British Virgin Island | £1,325,076.86, subject to interest | Two debentures providing fixed and floating charges | Created 13 January 2011 and 24 September 2014 and registered 18 January 2011 and 30 September 2014 | £1,325,076.86                                       |

**Special creditor groups**

| <b>Creditor Group</b>          | <b>Number of creditors in group</b> | <b>Total amount of claims (estimated)</b> |
|--------------------------------|-------------------------------------|---|
| Employees and former employees | 3                                   | Uncertain                                 |

Offshore Group Newcastle Limited - In Administration  
Schedule of creditors

| Name                                      |                                       |                               |                             |          | SoA          |
|---|---------------------------------------|-------------------------------|-----------------------------|----------|--------------|
| Adlington Welding Supplies Limited        | Unit 4, Beaumont Park                 | Cowpen Lane Industrial Estate | Billingham                  | TS23 4HF | 18,420.00    |
| Advanced Industrial Solutions Limited     | Units 3 & 4 Jupiter Court             | Orion Business Park           | Tyne Tunnel Trading Estate, | NE29 7SE | 18,354.00    |
| Alexey Glukhov                            | 8 Emily Davison Avenue                | Moperth                       |                             | NE61 2PL | 1,740.00     |
| Amecal                                    | Met-Cal House                         | Fisher Street                 | Newcastle Upon Tyne         | NE6 4LT  | 410.40       |
| Armdale Limited                           | Western Approach                      | South Shields                 | Tyne & Wear                 | NE33 5NN | 3,821.73     |
| Ashtead Plant Hire Company Limited        | 102 Dalton Avenue                     | Birchwood                     | Warrington                  | WA3 6YE  | 4,445.94     |
| ASSA Abloy Entrance Systems Limited       | 7 Churchill Way                       | 35a Business Park             | Sheffield                   | S35 2PY  | 69,944.40    |
| Atkinson Print                            |                                       |                               |                             |          | 144.00       |
| Aviva Health UK Limited                   | Chilworth House                       | Hampshire Corporate Park      | Templars Way                | SO53 3RY | 18,405.70    |
| Backshield Services Limited               | Hill View                             | Whitton Village               | Stockton on Tees            | TS21 1LQ | 13,920.00    |
| Barrier Limited                           | Stephenson Street                     | Willington Quay               |                             | NE28 6UE | 111,600.00   |
| BEL Lift Trucks Limited                   | Fisher Street                         | Newcastle upon Tyne           |                             | NE6 4LT  | 13,112.00    |
| Bell Pottinger                            | Holborn Gate                          | 330 High Holborn              | London                      | WC1V 7QD | 17,000.00    |
| Blok N Mesh Limited                       | Unit 1, Beech Hill Industrial Park    | Liverpool                     | Merseyside                  | L33 7UL  | 7,387.20     |
| BMS Electrical Services Limited           | Units 41-43                           | The North East BIC            | Wearfield                   | SR5 2TA  | 45,620.96    |
| Cannon Hygiene Limited                    | Invincible Drive                      | Newcastle upon Tyne           |                             | NE4 7HX  | 1,561.54     |
| CEDREC Information Systems Limited        | Clarity House                         | Durham Road                   | Sunderland                  | DH3 2TB  | 3,480.00     |
| Contrac Limited                           | Venridge House                        | Zarya Court                   | Birtley                     | HU17 OJG | 1,073.42     |
| Creditserve Limited                       | Lytic House                           | St Andrew Street              | Grovehill Court             | SG14 1JA | 420.00       |
| CSI Limited                               | Newstead House                        | Lake View Drive               | Hereford                    | NG15 0DT | 240.00       |
| D R Caswell Limited                       | Lagonda Road                          | Cowpen Industrial Estate      | Sherwood Park               | TS23 4JA | 1.00         |
| DNV GK UK Limited                         | Palace House                          | 3 Cathedral Street            | Billingham                  | SE1 9DE  | 4,200.00     |
| DSM Fabrications                          | Progress House                        | Templetown                    | London                      | NE33 5TE | 6,144.00     |
| Durham Lifting Limited                    | Britannia Test House                  | Ronaldkirk Road               | South Shields               | TS2 1HB  | 6,717.69     |
| E On UK Plc                               | Westwood Way                          | Westwood Business Park        | Middlesbrough               | CV4 8LG  | 40,508.35    |
| Eagle Welding Limited                     | Portrack Grange Road                  | Portrack Industrial Estate    | Coventry                    | TS18 2PH | 62,058.66    |
| Elf Productivity                          | The Stables                           | Skull House Lane              | Stockton-on-Tees            | WN6 9DJ  | 656.80       |
| Environmental Services                    | Unit 4, Linnet Court                  | Cawledge Business Park        | Appley Bridge               | NE66 2GD | 1,014.00     |
| Five One Taxis                            | Unit 8 Habrour Road Industrial Estate | Oulton Road                   | Alnwick                     | NR32 2LZ | 494.00       |
| Franklin Steel Limited                    | Franklin Industrial Estate            | Blaydon on Tyne               | Suffolk                     | NE21 5TL | 1,080.00     |
| Friends Life                              | 2nd Floor                             | Anchorage 1                   | Anchorage Quay              | M50 3YL  | 35,000.00    |
| Gibson Booth                              | New Court, Abbey Road North           | Shepley                       | Huddersfield                | HD8 8BJ  | 2,400.00     |
| H M Revenue & Customs                     | The Voluntary Arrangements Service    | Durrington Bridge House,      | Barrington Road,            | BN12 4SE | 173,523.62   |
| Hadrian Industrial Holdings Limited       | Fifth Floor                           | 37 Esplanade                  | St Helier                   |          | 1,291,890.00 |
| Hiti                                      |                                       |                               |                             |          | 65.15        |
| Horncastle Executive Travel               | c/o Nexus CIFS Limited                | 150 Leadenhall Street         | London                      | EC3V 4QT | 373.78       |
| HSBC                                      | 8 Canada Square                       | London                        |                             | E14 5HQ  | 30.00        |
| Hutchinson Engineering Limited            | Everite Road                          | Widnes                        | Cheshire                    | WA8 8PT  | 89,235.92    |
| IBS Security                              | Portex House                          | Newburn Bridge Road           | Blaydon                     | NE21 4SQ | 2,907.33     |
| IRS Recruitment                           | 31 New Market                         | Beccles                       | Suffolk                     | NR34 9HE | 807,730.06   |
| Jaspers Catering Services                 | Unit 2                                | Fells Road Industrial Estate  | Team Valley                 | NE11 0NN | 190.80       |
| Kone Cranes UK Limited                    | Unit 19, Princess Park                | Team Valley Trading Estate    | Gateshead                   | NE11 0LQ | 28,595.40    |
| Lambert Smith & Hampton                   | Second Floor                          | Grey Street                   | Newcastle upon Tyne         | NE1 6EE  | 24,311.88    |
| Lees Contract Cleaning LLP                | 43 Maxwell Street                     | South Shields                 |                             | NE33 4PU | 67,810.90    |
| Lloyds Register Quality Assurance Limited | EMEA Shared Service Centre            | PO Box 4229                   |                             | RG42 9PY | 12,866.36    |
| Lord Technical Limited                    | Deptford Road                         | Gateshead                     |                             | NE8 3AZ  | 1,930.57     |
| Lowes Hall Limited                        | 28 Lime Street                        | Newcastle upon Tyne           |                             | NE1 2PL  | 1,673.92     |
| LV Shipping                               |                                       |                               |                             |          | 1,014.00     |

|   |   |                            |  |                               |                  |              |
|---|---|----------------------------|--|-------------------------------|------------------|--------------|
| Mammoet UK Limited                        | Stourton                                  | Leeds                      |  |                               | LS10 1RT         | 8,502.00     |
| Marine Management Organisation            | Lancaster House                           | Hampshire Court            |  | Newcastle Upon Tyne           | NE4 7YH          | 752.20       |
| Marsh Limited                             | Po Box 3273                               |                            |  | Norwich                       | NR7 7BH          | 142.71       |
| Mcalpine                                  |   |                            |  |                               |                  | 727,364.81   |
| Messer Cutting Systems                    | Northumberland Business Park (West)       | Cramlington                |  | Nothumberland                 | NE23 7RH         | 453.60       |
| Messer Griesheim Limited                  | Unit 4c Northumberland Business Park West | Dudley                     |  | Cramlington                   | NE23 7RH         | 0.00         |
| Mott MacDonald                            | St Ann's Wharf                            | 112 Quayside               |  | Newcastle upon Tyne           | NE1 3DX          | 56,208.00    |
| Nordic Products & Services                | Church Road                               | Stockton-on-Tees           |  |                               | TS18 2HN         | 125,187.00   |
| Normaltune                                | Anglo-Dal House                           | 5 Spring Villa Park        |  | Edgware                       | HA8 7EB          | 9,600.00     |
| North Tyneside Council                    | 1st Floor Left, Quadrant East             | The Siverlink North        |  | Cobalt Business Park          | NE27 0BY         | 110,510.17   |
| Northumbrian Water                        | Unit 54a, South Nelson Industrial Estate  | Cramlington                |  |                               | NE23 1WF         | 356.88       |
| NPower                                    | N Power Business                          | Birch House                |  | Joseph Street                 | B69 2AQ          | 768.07       |
| O2 Limited                                | Telefonica UK Limited                     | Correspondence Department  |  | PO Box 202                    | LU6 9AG          | 1,766.78     |
| O'Brien Waste Recycling Solutions Limited | Aron House                                | Potter Street              |  | Wallsend                      | NE28 6UE         | 4,001.36     |
| OGN Energy Services Limited               |   |                            |  |                               |                  | 250,000.00   |
| OGN Investment Partners Limited           | 3076 Sir Frances Drake's Highway          | PO Box 3463 Road Town      |  | Tortola                       |                  | 1,290,666.67 |
| OGN North Sea Limited - In Administration | c/o UHY Hacker Young LLP                  |                            |  |                               |                  | 550,000.00   |
| Onyx Group Limited                        | Onyx House                                | Cheltenham Road            |  | Portrack Interchange Business | Stockton-on-Tees | 1.00         |
| Pashley Cycles Limited                    | Masons Road                               | Stratford upon Avon        |  |                               | CV37 9NL         | 5,400.00     |
| Patrick Parsons Limited                   | Waterloo House                            | Thornton Street            |  | Newcastle-upon-Tyne           | NE1 4AP          | 3,900.00     |
| Port of Tyne                              | Maritime House, Tyne Dock                 | South Shields              |  |                               | NE34 9PT         | 2,599.95     |
| Procomm Site Services Limited             | Coverdale Court                           | Wilton International       |  | Redcar                        | TS10 4YG         | 244.20       |
| Professional Testing Services             | Unit 4 Dock Road                          | Leven                      |  |                               | KY8 3FR          | 17,170.80    |
| Protector Group                           | Protector House                           | Station Approach           |  | Gateshead                     | NE11 0ZF         | 47,696.46    |
| Red Lock                                  |   |                            |  |                               |                  | 7,981.42     |
| RedRock Automation Limited                | Unit 7B, Carlisle Avenue                  | Inchinnan Business Park    |  | Inchinnan                     | PA4 9RX          | 1,882.80     |
| Rollstud Limited                          | Unit 11C, D & E                           | Parkview Industrial Estate |  | Hartlepool                    | TS25 1PG         | 769.96       |
| RSL One Limited                           | 12a Oxford Street                         | Hartlepool                 |  |                               | TS25 1PT         | 44,952.00    |
| Seaton Spring Limited                     |   |                            |  |                               |                  | 270.00       |
| Shepherd Offshore Limited                 | Offshore Technology Park                  | 1 Rendle Road, Walker      |  | Newcastle Upon Tyne           | NE28 6HL         | 1,253.30     |
| Southergreen                              | 221 Durham Road                           | Low Fell                   |  | Gateshead                     | NE9 5AB          | 3,690.00     |
| Thyssenkrupp                              | West Wing, 5th Avenue Plaza               | Team Valley Trading Estate |  | Gateshead                     | NE11 0BL         | 584.09       |
| Tyries Diaries                            | Daletop                                   | Holywell Village           |  | Whitley Bay                   | NE25 0NU         | 300.00       |
| Van Elle Limited                          | Kirkby Lane                               | Pinxton                    |  | Nottinghamshire               | NG16 6JA         | 10,398.00    |
| Wardell Armstrong                         | City Quadrant                             | Waterloo Squarw            |  | Newcastle upon Tyne           | NE1 4DP          | 4,200.00     |
| Watson's Timber Limited                   | Unit 8, Bath Street                       | Walker                     |  | Newcastle upon Tyne           | NE6 3PH          | 36,768.00    |
| WD Close Limited                          | 4-16 Valentia Avenue                      | Newcastle upon Tyne        |  |                               | NE6 4QR          | 5,616.00     |
|   |   |                            |  |                               |                  | 6,347,483.71 |



## Offshore Group Newcastle Limited - In Administration

### Attachment 4 - Estimated Outcome Statement as at 11 May 2017

|  | £           | £                  |
|--|-------------|--------------------|
| <b>Assets specifically pledged</b>                                   |             |                    |
| Intellectual property rights   | 33,000      |                    |
| Less: Administrators' remuneration                                   | (10,000)    |                    |
| Less: Legal fees   | (5,000)     |                    |
| Less amount due to charge holder                                     | (1,325,079) |                    |
| <b>Surplus/(deficit) to charge holder</b>                            |             | <b>(1,307,079)</b> |
| <b>Assets not specifically pledged</b>                               |             |                    |
| Cast at bank   | 763,648     |                    |
| Insurance refund   | 3,475       |                    |
| VAT refund   | Uncertain   |                    |
| OGN Property Limited   | Nil         |                    |
| Debtors  | Uncertain   |                    |
| Potential action   | Uncertain   |                    |
| Sale of records  | 25,000      |                    |
|  |             | <b>792,123</b>     |
| <b>Costs and expenses</b>  |             |                    |
| Administrators' remuneration   | (90,775)    |                    |
| Administrators' category 1 disbursements                             | (99,595)    |                    |
| Administrators' category 2 disbursements                             | (6,635)     |                    |
|  |             | <b>(197,005)</b>   |
| Balance available to preferential creditors                          |             | <b>595,118</b>     |
| <b>Preferential creditors</b>  |             |                    |
| Wages and holiday pay  | (1,600)     |                    |
|  |             | <b>(1,600)</b>     |
| <b>Net property available</b>  |             | <b>593,518</b>     |
| <b>Estimated prescribed part of net property</b>                     |             | <b>121,704</b>     |
| Surplus available to floating charge holder                          |             | <b>471,815</b>     |
| <b>Balance due to secured creditor</b>                               |             | <b>(1,307,079)</b> |
| <b>Surplus/(deficiency) to floating charge holder</b>                |             | <b>(835,264)</b>   |
| <b>Funds available to unsecured creditors (prescribed part only)</b> |             | <b>121,704</b>     |
| <b>Unsecured creditors</b>   |             |                    |
| Employees (notice and redundancy pay)                                | 1           | Uncertain          |
| OGN Energy Services Limited  |             | (250,000)          |
| OGN North Sea Limited - In Administration                            |             | (550,000)          |
| Landlord (Newcastle)   |             | (1,291,890)        |
| Landlord (Lowerstoft)  | 2           | Uncertain          |
| HM Revenue and Customs (PAYE)  | 3           | (173,524)          |
| Trade and expense creditors  |             | (2,964,927)        |
|  |             | <b>(5,230,341)</b> |
| <b>Total surplus/(deficiency) to unsecured creditors</b>             |             | <b>(5,108,637)</b> |
| <b>Estimated dividend to unsecured creditors</b>                     |             | <b>0.02</b>        |

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**Notes on the estimated outcome statement****Employees**

Two employees were made redundant upon appointment, however level of their unsecured claim is uncertain.

**Landlord Lowerstoft**

The Company has guaranteed the rent at the Lowerstoft premises used by OGN Property Limited. The amount due is uncertain.

**HM Revenue and Customs**

The VAT refund is likely to be set off against the PAYE liability due.

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**Offshore Group Newcastle Limited - In Administration**

**Attachment 5 – Receipts and payments account for the period 27 March 2017 to 9 May 2017**

| <b>S of A £</b>                                 | <b>£</b>          |
|---|-------------------|
| <b>RECEIPTS</b>                                 |                   |
| Intellectual Property                           | 13,000.00         |
| NIL Insurance Refund                            | 3,475.02          |
| Cash at Bank                                    | 763,647.78        |
| NIL Funding from Smulders                       | 97,059.00         |
| NIL Funding of Employee                         | 2,941.00          |
|   | <u>880,122.80</u> |
| <b>PAYMENTS</b>                                 |                   |
| Wages   | 2,086.71          |
| PAYE & NI                                       | 854.30            |
| Professional Fees                               | 7,821.90          |
| Patent Renewal                                  | 651.05            |
| Vat Receivable                                  | 190.21            |
|   | <u>11,604.17</u>  |
| <b>BALANCE HELD IN INTEREST BEARING ACCOUNT</b> | <u>868,518.63</u> |

# Offshore Group Newcastle Limited - In Administration

## Appendix 2 – Breakdown of the time costs for the period 27 March 2017 to 10 May 2017

| Classification of work function      | Partner<br>Hours | £          | Director<br>Hours | £    | Manager<br>Hours | £       | Asst Manager<br>Hours | £         | Snr Administrator<br>Hours | £         | Administrator<br>Hours | £        | Junior Administrator<br>Hours | £    | Total Hours | Total Cost<br>£ | Avg Hourly Rate<br>£ |
|--------------------------------------|------------------|------------|-------------------|------|------------------|---------|-----------------------|-----------|----------------------------|-----------|------------------------|----------|-------------------------------|------|-------------|-----------------|----------------------|
| <b>Administration &amp; Planning</b> |                  |            |                   |      |                  |         |                       |           |                            |           |                        |          |                               |      |             |                 |                      |
| Administrative Set-up                | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.70                       | 119.00    | 0.00                   | 0.00     | 0.00                          | 0.00 | 0.70        | 119.00          | 170.00               |
| Appointment Notification             | 0.00             | 0.00       | 0.00              | 0.00 | 1.80             | 369.00  | 0.00                  | 0.00      | 1.90                       | 323.00    | 0.00                   | 0.00     | 0.00                          | 0.00 | 3.70        | 692.00          | 187.03               |
| Case Planning                        | 44.00            | 19,785.00  | 0.00              | 0.00 | 1.00             | 205.00  | 0.00                  | 0.00      | 15.90                      | 2,703.00  | 0.00                   | 0.00     | 0.00                          | 0.00 | 60.90       | 22,693.00       | 372.63               |
| Maintenance of Records               | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 2.25                  | 348.75    | 0.90                       | 155.00    | 0.00                   | 0.00     | 0.00                          | 0.00 | 3.15        | 501.75          | 159.29               |
| Statutory Reporting                  | 3.10             | 1,419.50   | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 9.40                       | 1,598.00  | 0.00                   | 0.00     | 0.00                          | 0.00 | 12.50       | 3,017.50        | 241.40               |
| <b>Realisation of Assets</b>         |                  |            |                   |      |                  |         |                       |           |                            |           |                        |          |                               |      |             |                 |                      |
| Debt Collection                      | 2.50             | 1,312.50   | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 0.00                   | 0.00     | 0.00                          | 0.00 | 2.50        | 1,312.50        | 525.00               |
| Securing, Insuring Assets            | 6.50             | 3,412.50   | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 1.20                       | 204.00    | 0.00                   | 0.00     | 0.00                          | 0.00 | 7.70        | 3,616.50        | 469.68               |
| Property, business and asset sales   | 4.50             | 2,362.50   | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 1.40                       | 238.00    | 0.00                   | 0.00     | 0.00                          | 0.00 | 5.90        | 2,600.50        | 440.76               |
| Retention of Title                   | 2.00             | 1,050.00   | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.90                       | 153.00    | 0.00                   | 0.00     | 0.00                          | 0.00 | 2.90        | 1,203.00        | 414.83               |
| <b>Creditors</b>                     |                  |            |                   |      |                  |         |                       |           |                            |           |                        |          |                               |      |             |                 |                      |
| Communication with Creditors         | 4.90             | 2,325.50   | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 5.50                   | 935.00   | 0.00                          | 0.00 | 10.40       | 3,260.50        | 313.51               |
| Creditors' Claims                    | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 6.30                       | 1,071.00  | 0.00                   | 0.00     | 0.00                          | 0.00 | 6.30        | 1,071.00        | 170.00               |
| <b>Trading</b>                       |                  |            |                   |      |                  |         |                       |           |                            |           |                        |          |                               |      |             |                 |                      |
| Management of Operations             | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 0.00                   | 0.00     | 0.00                          | 0.00 | 0.00        | 0.00            | 0.00                 |
| Accounting for Trading               | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 0.00                   | 0.00     | 0.00                          | 0.00 | 0.00        | 0.00            | 0.00                 |
| On-going Employee Issues             | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 0.00                   | 0.00     | 0.00                          | 0.00 | 0.00        | 0.00            | 0.00                 |
| <b>Investigations</b>                |                  |            |                   |      |                  |         |                       |           |                            |           |                        |          |                               |      |             |                 |                      |
| SIP 2 Review                         | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 0.00                   | 0.00     | 0.00                          | 0.00 | 0.00        | 0.00            | 0.00                 |
| Antecedent Transactions              | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 0.00                   | 0.00     | 0.00                          | 0.00 | 0.00        | 0.00            | 0.00                 |
| CDDA Reports                         | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 0.00                   | 0.00     | 0.00                          | 0.00 | 0.00        | 0.00            | 0.00                 |
| <b>Case Specific Matters</b>         |                  |            |                   |      |                  |         |                       |           |                            |           |                        |          |                               |      |             |                 |                      |
| Case Specific Matters                | 0.00             | 0.00       | 0.00              | 0.00 | 0.00             | 0.00    | 0.00                  | 0.00      | 0.00                       | 0.00      | 7.60                   | 1,292.00 | 0.00                          | 0.00 | 7.60        | 1,292.00        | 170.00               |
| <b>TOTAL HOURS</b>                   | 67.50            |            | 0.00              | 2.80 |                  | 5574.00 | 2.25                  |           | 38.60                      |           | 13.10                  |          | 0.00                          |      | 124.25      |                 |                      |
| <b>TOTAL TIME CHARGED (G)</b>        |                  | £31,667.50 | £0.00             |      | £574.00          | £348.75 |                       | £6,562.00 |                            | £2,227.00 |                        |          | £0.00                         |      |             | £41,375.25      |                      |
| <b>Average hourly cost (G)</b>       |                  | 469.15     | 0.00              |      | 205.00           | 155.00  |                       | 170.00    |                            | 170.00    |                        |          | 0.00                          |      |             | 333.03          |                      |

All figures are shown net of VAT

## Offshore Group Newcastle Limited - In Administration

### Appendix 3 – Information to support the Joint Administrators' fee proposal, charge out rates and bases of disbursements

#### The Joint Administrators' fee estimate

Please note that this estimate reflects the work undertaken and time anticipated to be incurred for the full period of the Administration and thus it includes the time already incurred, details of which are provided in appendix 3.

| General Description                                   | Includes   | Estimate of no. of hours | Estimated blended hourly rate | Estimate of total |
|---|--|--------------------------|-------------------------------|-------------------|
| <b>Administration (including statutory reporting)</b> |  |                          |                               |                   |
| Statutory/advertising                                 | Filing of documents to meet statutory requirements<br>Advertising in accordance with statutory requirements  | 120                      | 347.50                        | £41,700           |
| Document maintenance/file review/checklist            | Filing of documents<br>Periodic file reviews<br>Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards<br>Maintenance of statutory and case progression task lists/diaries<br>Updating checklists                                 |                          |                               |                   |
| Bank account administration                           | Preparing correspondence opening and closing accounts<br>Requesting bank statements<br>Bank account reconciliations<br>Correspondence with bank regarding specific transfers<br>Maintenance of the estate cash book<br>Banking remittances and issuing cheques/BACS payments |                          |                               |                   |
| Planning / review                                     | Discussions regarding strategies to be pursued<br>Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case   |                          |                               |                   |
| Books and records / storage                           | Dealing with records in storage<br>Sending case files to storage   |                          |                               |                   |

| General Description          | Includes  | Estimate of no. of hours | Estimated blended hourly rate | Estimate of total |
|------------------------------|---|--------------------------|-------------------------------|-------------------|
| Creditor reports             | Preparing proposal, six monthly progress reports, fee authority report to secured and preferential creditors (where appropriate) and final report<br>Seeking extension via creditors (where appropriate)<br>Reporting to secured creditor<br>Proposing further fee approval (where the fees estimate is not for the administration of the case to conclusion) |                          |                               |                   |
| Creditors' decisions         | Preparation of decision notices, proxies and voting forms<br>Collating and examining proofs, proxies and votes to establish decisions<br>Considering objections received and requests for physical meeting or other decision procedures<br>Responding to queries and questions following decisions<br>Issuing notice of result of decision process            |                          |                               |                   |
| Realisation of Assets        |   |                          |                               |                   |
| Intellectual property rights | Dealing with interested parties<br>Negotiating sales<br>Liaising with solicitors<br>Review of sales contracts   | 40                       | 347.50                        | £13,900           |
| Cash at bank                 | Liaising with the bank for transfer of funds  |                          |                               |                   |
| VAT refund                   | Examining company records to support tax refunds<br>Exchanges with government departments   |                          |                               |                   |
| Life assurance scheme        | Liaising with broker regarding the scheme<br>Liaising with bank re access to Trust account<br>Review of claims submitted  |                          |                               |                   |
| Access rights                | Correspondence with interested  |                          |                               |                   |

| General Description                        | Includes   | Estimate of no. of hours | Estimated blended hourly rate | Estimate of total |
|--|--|--------------------------|-------------------------------|-------------------|
|  | party<br>Negotiating sale<br>Liaising with solicitors<br>Review of sales contracts   |                          |                               |                   |
| Insurance                                  | Identification of potential issues requiring attention of insurance specialists<br>Correspondence with insurer regarding initial and ongoing insurance requirements<br>Reviewing insurance policies<br>Correspondence with previous brokers            |                          |                               |                   |
| Retention of Title Claims ("ROT")          | Receive initial notification of creditor's intention to claim<br>Adjudicate retention of title claim<br>Forward correspondence to claimant notifying outcome of adjudication<br>Exchanges with solicitors in deciding claims and dealing with disputes |                          |                               |                   |
| <b>Creditors (claims and distribution)</b> |  |                          |                               |                   |
| Creditor communication                     | Receive and follow up creditor enquiries via telephone<br>Review and prepare correspondence to creditors and their representatives via facsimile, email and post   | 110                      | 347.50                        | £38,225           |
| Dealing with proofs of debt ('POD')        | Receipting and filing POD when not related to a dividend<br>Corresponding with RPO regarding POD when not related to a dividend  |                          |                               |                   |
| Processing proofs of debt                  | Preparation of correspondence to potential creditors inviting submission of POD<br>Receipt of POD<br>Adjudicating POD  |                          |                               |                   |
| Distribution procedures                    | Agreeing allocation of realisations and costs between  |                          |                               |                   |

| General Description  | Includes  | Estimate of no. of hours   | Estimated blended hourly rate | Estimate of total |
|----------------------|---|--|-------------------------------|-------------------|
|                      | fixed and floating charges<br>Paying distribution to secured creditors and seeking confirmation of discharged claims<br>Preparation of correspondence to creditors advising of intention to declare distribution<br>Advertisement of notice of intended distribution<br>Preparation of distribution calculation<br>Preparation of correspondence to creditors announcing declaration of distribution<br>Preparation of cheques/BACS to pay distribution<br>Preparation of correspondence to creditors enclosing payment of distribution<br>Seeking unique tax reference from HMRC, submitting information on PAYE/NI deductions from employee distributions and paying over to HMRC<br>Dealing with unclaimed dividends |  |                               |                   |
| Creditors' Committee | Holding an initial meeting of the Committee<br>Reporting to committee members<br>Seeking the committee's approval on case strategy<br>Calling and holding meetings of the committee as required and the circumstances of the case dictate   | No fees estimate has been provided since this will not incur any costs unless a committee is elected |                               |                   |
| Investigations       |   |  |                               |                   |
| SIP 2 Review         | Collection, and making an inventory, of company books   | 20   | 347.25                        | £6,950            |



| General Description                           | Includes  | Estimate of no. of hours                                       | Estimated blended hourly rate | Estimate of total |
|---|---|--|-------------------------------|-------------------|
|   | and records<br>Correspondence to request information on the company's dealings, making further enquiries of third parties<br>Reviewing questionnaires submitted by creditors and directors<br>Reconstruction of financial affairs of the company<br>Reviewing company's books and records<br>Preparation of deficiency statement<br>Review of specific transactions and liaising with directors regarding certain transactions<br>Liaising with the committee/creditors or major creditors about further action to be taken |  |                               |                   |
| Statutory reporting on conduct of director(s) | Preparing statutory investigation reports<br>Liaising with the Insolvency Service<br>Submission of report to the Insolvency Service<br>Preparation and submission of supplementary report (if required)<br>Assisting the Insolvency Service with its investigations   |  |                               |                   |
| Examinations                                  | Preparing brief to solicitor<br>Liaising with solicitor(s) regarding examinations<br>Attendance at examination<br>Reviewing examination transcripts<br>Liaising with solicitor(s) regarding outcome of examinations and further actions available   | Should this be required, further fee approval shall be sought. |                               |                   |

| General Description     | Includes  | Estimate of no. of hours                                       | Estimated blended hourly rate | Estimate of total |
|-------------------------|---|--|-------------------------------|-------------------|
| Litigation / Recoveries | Strategy meeting regarding litigation<br>Seeking funding from creditors<br>Reviewing terms of solicitors' conditional fee agreements<br>Preparing brief to solicitors/Counsel<br>Liaising with solicitors regarding recovery actions<br>Dealing with ATE insurers<br>Attending to negotiations<br>Attending to settlement matters | Should this be required, further fee approval shall be sought. |                               |                   |
| <b>Total</b>            |   | <b>290</b>   | <b>347.50</b>                 | <b>£100,775</b>   |

#### Charge out rates

| Staff                                    | Charge out rates<br>£ |
|--|-----------------------|
| Insolvency Practitioner/Partners         | 340 – 750             |
| Directors                                | 275 – 400             |
| Senior Manager                           | 255 – 320             |
| Manager                                  | 175 – 300             |
| Assistant Manager                        | 165 - 250             |
| Senior Administrator                     | 135 – 250             |
| Administrator                            | 80 – 150              |
| Junior Administrator                     | 70 - 85               |
| Secretarial/Administration support staff | 0                     |

Please note that UHY Hacker Young LLP's charge out rates are reviewed and increased periodically to accommodate inflationary or other changes.

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### The Joint Administrators' expenses estimate

Below is the expenses estimate in respect of category 1 direct expenses and category 2 expenses, which will have an element of shared or allocated costs.

| Category 1 expenses  | Basis             | Estimate of total  |
|--|-------------------|--------------------|
| <b>Legal costs</b> Gresham Legal LLP has been instructed to provide advice in respect of the sale of assets, ROT claims, life assurance scheme and all other issues that may arise in the Administration | Time costs        | £60,000.00         |
| <b>Professional fees</b> former staff members have been instructed to assist in gathering information for various matters in the Administration  | Time costs        | £40,000.00         |
| Advertising  | £75.50 per advert | £226.50            |
| Bank charges   | Various           | £26.00             |
| Bonding  | Fixed             | £550.00            |
| Mail redirection   | Fixed             | £185.00            |
| Document storage   | Per box           | £2,000.00          |
| Patent renewal   | Fixed             | £651.05            |
| Cost of case management software and website document access   | Per report        | £206.00            |
| Attending site (travel and sundry expenses)  |                   | £750.00            |
| <b>Total</b>   |                   | <b>£104,594.55</b> |

| Category 2 expenses   | Basis                            | Estimate of total |
|---|----------------------------------|-------------------|
| <b>Accounting fees</b> UHY Hacker Young LLP's tax department have been instructed to assist in completing tax returns on behalf of the estate and providing VAT advice. | Time-costs                       | £5,000.00         |
| Stationery / fax / postage / telephone  | one off cost of £10 per creditor | £1,520.00         |
| Internal storage of Insolvency Practitioner's working papers  | £5 per annum for 10 years (£50)  | £50.00            |
| Internal meeting room   | cost £65 per hour                | £65.00            |
| <b>Total</b>  |                                  | <b>£6,635.00</b>  |

This estimate reflects the expenses anticipated to be incurred for the full period of the Administration and thus it includes expenses already incurred, details of which are provided elsewhere in this document. This estimate has been provided on the assumptions given within the report. In the event that it proves necessary for the Joint Administrators to incur additional expenses in performing their duties, they will provide further details in their progress reports, but there is no statutory obligation to ask creditors to approve any adjusted estimate.

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