

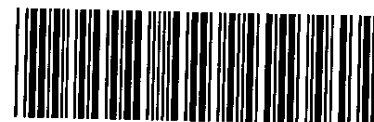
# AM03

## Notice of administrator's proposals



Companies House

MONDAY



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20/04/2020

#18

COMPANIES HOUSE

### 1 Company details

Company number 1 1 1 0 4 9 3 2

Company name in full RODAN PROCESS SOLUTIONS LIMITED

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Mark Grahame

Surname Tailby

### 3 Administrator's address

Building name/number 109 Swan Street

Street Sileby

Post town Leicestershire

County/Region

Postcode L E 1 2 7 N N

Country

### 4 Administrator's name ①

Full forename(s) Graham Stuart

Surname Wolloff

① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 109 Swan Street

Street Sileby

Post town Leicestershire

County/Region

Postcode L E 1 2 7 N N

Country

② Other administrator

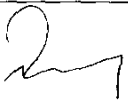
Use this section to tell us about  
another administrator.

AM03  
Notice of Administrator's Proposals

**6** Statement of proposals

☒ I attach a copy of the statement of proposals

**7** Sign and date

Administrator's Signature	Signature ✕ 	✕																
Signature date	<table border="1"><tr><td><sup>d</sup></td><td><sup>d</sup></td><td><sup>m</sup></td><td><sup>m</sup></td><td><sup>y</sup></td><td><sup>y</sup></td><td><sup>y</sup></td><td><sup>y</sup></td></tr><tr><td>2</td><td>0</td><td>0</td><td>4</td><td>2</td><td>0</td><td>2</td><td>0</td></tr></table>	<sup>d</sup>	<sup>d</sup>	<sup>m</sup>	<sup>m</sup>	<sup>y</sup>	<sup>y</sup>	<sup>y</sup>	<sup>y</sup>	2	0	0	4	2	0	2	0	
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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.

Contact name	Mark Grahame Tailby
Company name	Elwell Watchorn & Saxton LLP
Address	109 Swan Street
	Sileby
Post town	Leicestershire
County/Region	
Postcode	L E 1 2 7 N N
Country	
DX	
Telephone	01509 815150

### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

### Important information

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

### Where to send

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

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

### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

## ELWELLWATCHCHORN SAXTON

**Private and Confidential**

Our ref MGT.GSW.AF.ROD01.4

Date 16 April 2020

**TO ALL KNOWN CREDITORS**

Dear Sir(s)

**RODAN PROCESS SOLUTIONS LIMITED – IN ADMINISTRATION (“the Company”)  
In the High Court of Justice, Business and Property Courts of England & Wales,  
Insolvency and Companies List (ChD), Number CR-2020-001360**

As set out in my initial letter to creditors, Graham Stuart Wolloff and I were appointed Joint Administrators of the Company on 25 February 2020. Please find attached the Joint Administrators' Proposals which includes a decision procedure (by correspondence) where resolutions will be sought to approve our proposals, to invite creditors to appoint a Creditors' Committee and, in the absence of an Administration Committee, to agree the payment of Elwell Watchorn & Saxton LLP's pre-appointment fees and expenses prior to appointment, and to fix the basis of the Joint Administrators' remuneration.

Your vote by correspondence on the resolutions will not count unless you have lodged proof of your debt by no later than 4.00 p.m. on the business day before 14 May 2020, the Decision Date. Please complete the enclosed proof of debt form and return it to Elwell Watchorn & Saxton LLP, together with the relevant supporting documentation.

Finally, I also include an invitation to creditors to form a Creditors Committee.

This letter, together with the Joint Administrators' Proposals include the following documents:

- Directors' Statement of Affairs (Appendix 1);
- Notes/Comments on the directors' Statement of Affairs (Appendix 1)
- Firm's charging policy (Appendix 2)
- Details of work to be undertaken in the Administration (Appendix 2)
- Fees estimate (Appendix 2)
- Estimate of expenses to be incurred in the Administration (Appendix 3)
- Notice of Decision Procedure and Voting Form (Appendix 4);
- Proof of Debt form (Appendix 4);
- Notice of invitation to form a Creditors' Committee and Nomination for Members of a Creditors' Committee (Appendix 5);

You will note that the statement of affairs enclosed includes personal data in the form of the names and addresses of individual creditors, together with the amounts owed to them. The directors are required to include this information in the statement of affairs, and send a copy to all known creditors, by virtue of section 99 and 100 of the Insolvency Act 1986 and rules 6.3, 6.4 and 6.14 of the Insolvency (England and Wales) Rules 2016. As a result, this is a valid use of the personal data of individual creditors, and it is not a breach of the Global Data Protection Regulations (GDPR).

**Please note that I must receive at least one vote by the decision date (14 May 2020) or the decision will not be made. I would therefore urge you to respond promptly.**

Tel 01509 811150 Fax 01509 818111 Email [info@elwellwatchorn.co.uk](mailto:info@elwellwatchorn.co.uk) Web [elwellwatchorn.co.uk](http://elwellwatchorn.co.uk)  
Elwell Watchorn & Saxton LLP, 105 South Street, South Gloucestershire, Gloucestershire, GL2 2NR

Elwell Watchorn & Saxton LLP is a limited liability partnership registered in England and Wales (No. 03090494) and is authorised and regulated by the Financial Conduct Authority (FCA) (No. 120973). It is a member of the Insolvency Practitioners Association (IPA) and the Association of Business Recovery Professionals (ABRP).  
Elwell Watchorn & Saxton LLP is a member of the Insolvency Practitioners Association (IPA) and the Association of Business Recovery Professionals (ABRP).  
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Should you, or a group of creditors wish to request a physical meeting of creditors, you must do so prior to 14 May 2020, the Decision Date, and such requests must be supported by valid proof of your debt (if not already lodged). I will convene a meeting on behalf of the Board if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

I am seeking approval from creditors that our remuneration as Joint Administrators (in relation to floating charge asset realisations) is fixed on the following basis:

Time costs estimated at £76,780.80 at a "blended" rate of £192.00 per hour for undertaking all categories of work in the Administration.

The estimated expenses of the Administration are £22,139.25, including Category 2 expenses, which I am seeking approval for from the creditors.

Clearly it will be some considerable time before the Company's assets will be realised in full. In addition, floating charge asset realisations are uncertain. As a result, I am unable to confirm whether there will be a distribution to either preferential or unsecured creditors under the prescribed part. Further updates will be provided in future reports to creditors.

Elwell Watchorn & Saxton LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Elwell Watchorn & Saxton LLP uses your personal information on our website at [www.ewslp.co.uk/privacy/stakeholders](http://www.ewslp.co.uk/privacy/stakeholders).

Alternatively, a creditor may obtain a printed copy of these documents by contacting this office directly.

If creditors have any queries regarding this letter, please contact Alastair Fish by email at [a.fish@ewslp.co.uk](mailto:a.fish@ewslp.co.uk), or by phone on 01509 815150.

Yours faithfully  
For and on behalf of  
Rodan Process Solutions Limited



Mark Grahame Tailby  
Joint Administrator  
Licensed in the United Kingdom to act as an insolvency practitioner  
by The Insolvency Practitioners Association

The Joint Administrators act as agents of the Company and without personal liability.

Encs.

**Joint Administrators' Proposals relating to  
RODAN PROCESS SOLUTIONS LIMITED – In Administration (“the Company”)**

**Issued on: 16 April 2020**

**Delivered to creditors on: 16 April 2020**

Graham Stuart Wolloff and I are the Joint Administrators of the Company and these are our statutory proposals relating to the Company.

## STATUTORY INFORMATION

### Company Information

Company name:	RODAN PROCESS SOLUTIONS LIMITED
Previous name:	WTE SOLUTIONS LIMITED (11 December 2017 to 06 April 2018)
Trading name:	N/A
Company number:	11104932
Date of incorporation:	11 December 2017
Trading address:	Suite 3, Waterside Business Centre, Canal Street, Leigh, WN7 4DB
Current registered office:	109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN
Former registered offices:	Suite 3, Waterside Business Centre, Canal Street, Leigh, WN7 4DB; and 2 Endsleigh Gardens Leigh, WN7 1LR
Principal trading activity:	Environmental consulting activities

### Appointment Details

Administrators	Mark Grahame Tailby and Graham Stuart Wolloff
Administrators' address	109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN; and Brightfield Business Hub, Bakewell Road, Orton Southgate, Peterborough, PE2 6XU
Date of appointment	25 February 2020
Court name and reference	High Court of Justice, Business and Property Courts of England & Wales, Insolvency and Companies List (ChD), Number CR-2020- 001360
Appointment made by:	Qualifying floating charge holder Orthios OTECH5 Limited, The Moorings, Rowton Bridge Road, Christleton, Cheshire, CH3 7AE
Actions of Administrators:	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

### Officers of the Company:

<i>Directors:</i>	<i>Name:</i>	<i>Shareholding</i>
	John Harold Edwards	Nil
	Elke Thurlings	100
Company Secretary	Elke Thurlings	As above

## Share capital

### *Authorised*

100 ordinary shares of £1 each

### *Allotted, called up and unpaid*

100 ordinary shares of £1 each

## Charges

Orthios OTECH5 Limited hold a fixed and floating charge (charge code: 1110 4932 0001) covering all the property or undertaking of the Company. The charge was created on 18 December 2019 and was registered at Companies House on 30 December 2019.

## CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE JOINT ADMINISTRATORS

Creditors should note that, unless otherwise stated, this section of my proposals has been prepared based on information provided to me by both the directors of the Company and the qualifying floating charge holder and not from my personal knowledge as Joint Administrator. Creditors should also be made aware that, as part of the sale and purchase agreement ("SPA"), it is the intention of the Purchaser (please see later section for more details) to complete the contract that the Company was unable to manage to fruition. As a result, much of the financial and other information that would normally be disclosed to creditors cannot be provided for reasons of commercial confidentiality. To do so, the Joint Administrators would be in breach of the SPA and would also adversely affect the Purchaser who is seeking to complete the contract.

The Company was incorporated on 11 December 2017 as WTE Solutions Limited by Elke Thurlings as both Company Secretary and the sole director. The Company's registered office on incorporation was located at 2 Endsleigh Gardens, Leigh, WN7 1LR. The Company was intended to be a special purpose vehicle for a general waste to energy project. Resolutions dated 3 April 2018 to change the Company's name to Rodan Process Solutions Limited were filed at Companies House on 6 April 2018. On 3 April 2018, the Company's registered office was also changed to Suite 3, Waterside Business Centre, Canal Street, Leigh, WN7 4DB. On 1 December 2018, John Harold Edwards was appointed as a director of the Company.

The Company traded virtually in that the directors (and the employee later taken on) all worked from home. As a result, no premises lease was signed in the Company's name and any correspondence would have been sent to the Company's registered office. The directors have homes in both the UK and Germany which meant they spent time commuting between their homes, the project site and various suppliers' premises as and when required.

The Company did not immediately commence trading and dormant accounts for the period ended 31 December 2018 were filed on public record at Companies House on 20 March 2019. In October 2018, the directors of Orthios (Anglesey) Technologies Limited ("OATL") were introduced to the directors of the Company by TessIB Limited ("TIL"). TIL advised that a consultant they were working with was looking for appropriate technology solutions for his client, OATL. After numerous discussions between the directors of the Company and OATL respectively, a Non-Disclosure Agreement ("NDA") was signed by both parties on 31 October 2018.

Once the NDA was signed, further negotiations continued apace including production of preliminary drawings culminating in the signing of heads of terms between OATL and the Company on 22 November 2018. Under this agreement, OATL was to open a new company to order a number of plastic depolymerisation plants from the Company. The company subsequently set up for this specific purpose was Orthios OTECH5 Limited ("Orthios"). The number of plants and contract value cannot be disclosed for reasons of commercial confidentiality. The directors decided that the Company would be solely dedicated to this contract and would not undertake any other work whatsoever.

Following the agreement of the heads of terms, there was much work to undertake in the detailed design and specifications in relation to the plant itself and the site earmarked for the process of depolymerisation of the plastic. The outcome of these negotiations was an initial agreement that was signed on 26 February 2019 which consisted of Phases 1 and 2. Phase 1 was the supply of the first unit to process plastics in set amounts and ratios into gas, oil and carbon char. The contract stipulated that this phase be completed by 31 December 2019. Phase 2 was for the supply of a second unit.



The parties to this contract were Orthios who would sell the finished products and under the terms of the contract were to provide appropriately sized buildings and grounds. As part of this requirement, renovations to site were required so that the construction met necessary statutory requirements with particular emphasis having to be placed on fire regulatory standards. The Company was required to deliver, install and commission a fully functioning plastic to product and energy Advanced Distillation pyrolysis plant which had to meet specifications and performance requirements detailed as part of the contract. The meeting of these requirements was to be proven by extensive testing prior to handover. The guarantor of the payment obligations of Orthios OTECH5 Limited was OATL.

The Company took on a Chief Technical officer (as an employee of the Company) to assist with the delivery of Phase 1 of the contract. The contract was originally conditional in a number of respects but with payment made for a limited number of unconditional elements relating to front end design work in two phases. The original contract was accordingly amended on 25 March 2019 and the second revision was dated 5 April 2019 when the contract was amended again to become unconditional. In the period leading up to my appointment as Joint Administrator, discussions were at a comparatively advanced stage regarding a third revision to the contract. However, this was not finalised so the contract that all parties were seeking to adhere to is the one dated 5 April 2019.

Payments to the Company were made against payment milestones that were clearly set out within the above contracts. Orthios' engineer had to review and sign a detailed document to say that all aspects of each particular milestone had been met. This document was also countersigned by Orthios evidencing their agreement that each milestone had been reached. Following receipt of this signed document, the Company raised a sales invoice (the Company was VAT registered) for this milestone payment which was typically settled by Orthios within seven to ten days.

The Company negotiated an agreement with a supplier to supply an additional specific item of equipment that was needed as a result of the Company's failure to achieve the output required by the contract dated 5 April 2019. This supply contract was signed on 18 December 2019. However, the Company did not have sufficient funds to make the total down payments required to enable this supplier to commence the manufacturing of this item of equipment. The Company therefore commenced negotiations with Orthios regarding additional monies required and signed a loan agreement between the two parties on 18 December 2019. Under this agreement, Orthios advanced funds in the amount of £250,000 which were effectively paid direct to the supplier. As explained above and as a condition of the advancement of these funds, Orthios hold a fixed and floating charge covering all property or undertaking of the Company.

It was therefore apparent that the Company could no longer meet the payments to suppliers that were required to finalise and complete the initial phase of the contract nor could the contract be completed by 31 December 2019 as originally envisaged. Discussions therefore took place between the directors of the Company and Orthios. As part of these discussions, directors offered to invest a significant amount of their own monies into the Company as a Directors' Loan but the terms of this investment could not be agreed between both parties, so no such additional funds were paid into the Company's bank account.

For confidentiality reasons, we can only disclose that various issues arose that had not been anticipated when the contract was initially signed resulting in increased costs for Phase 1. This resulted in delays and there were also delays for other reasons that increased the costs still further. We can confirm that although Phase 1 of the contract had not been completed, the anticipated total costs had already been exceeded at the date of my appointment. Creditors will also note that there is a significant debtor in the Statement of Affairs which will have depleted the Company's cash reserves further.

As explained above, the Company's turnover consisted of stage payments that were invoiced to Orthios. For confidentiality reasons and to ensure that the explicit terms of the SPA are complied with, the Joint Administrators are unable to disclose the normal trading history of the Company within this report. A summary of the "balance sheet position" of the Company is provided as part of the directors' Statement of Affairs together with the Joint Administrators' comments on key figures contained therein is provided under a later section of these proposals.

It was clear that the former collaborative relationship between the Company and Orthios had broken down in that the terms of additional funding could not be agreed. As a result, Orthios issued a termination notice on 25 February 2020 alleging a number of breaches, arguably the most important one being that the signed contract had not been completed by 31 December 2019 in accordance with the terms therein. Later that day, the qualifying floating charge holder appointed Graham Stuart Wolloff and I as Joint Administrators of the Company under their fixed and floating charge in accordance with Paragraph 14 of Schedule B1 to the Insolvency Act 1986.

Prior to the commencement of the Administration, Elwell Watchorn & Saxton LLP ("EWS") had no dealings with the Company but did liaise with the qualifying floating charge holder and their advisors regarding the options available to them regarding the appointment of Joint Administrators. Please also note that no advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, EWS was still required to act in its dealings with the qualifying floating charge holder and their advisors in accordance with the Insolvency Code of Ethics.

Howes Percival LLP were appointed to advise on the validity of the fixed and floating charges over the Company's assets. In addition, Howes Percival also provided advice over the scope of this fixed and floating charge debenture. Their advice was that the charge was valid and that between the fixed and floating charge elements, it would cover all the Company's assets. In broad terms, the fixed charge in this particular case covered the intellectual property of the Company (including signed contracts) and the remaining assets of the Company would be covered by the floating charge.

In most cases, the proposed Joint Administrators would appoint agents or valuers to undertake a marketing and promotional exercise for the sale of the Company's assets. The only asset of the Company was a large contract in respect of which notice had been served by the customer prior to the administration purporting to terminate the contract. The customer also made it clear that they would not be willing to consider any novation of that contract to a third party. Furthermore, due to terms contained within the Company's signed contract, and contracts with third parties, relating to that main contract were assigned to the customer and the customer was also granted an irrevocable, royalty-free licence to use all and any intellectual property relating to the contracts work. In addition, title to any equipment supplied to the customer prior to the Administration had also passed to the customer under the terms of the contract. Based on legal advice that was received, it was determined that the Joint Administrators did not have any assets capable of being marketed or sold to a third party and, therefore, the Joint Administrators' only option was to negotiate a sale to the customer for the residual intellectual property and goodwill.

As set out below, a sale of the Company's "certain intangible assets" has been undertaken to a connected company to the qualifying floating charge holder and in such scenarios, there are a number of potential perceived threats to the ethical principles. However, it must be stressed that this sale was not to a connected party to the directors or shareholder of the Company. In order to mitigate these perceived threats, we engaged Hilco Appraisal Limited t/as Hilco Streambank ("Hilco"), an independent firm of valuers, to professionally value the business assets (including the intellectual property) of the Company. Following our appointment, they were engaged to provide their view on whether there were any alternate options available that may lead to enhanced realisations to creditors and to confirm that the only offer received would likely result in the best possible outcome.

As required by the Insolvency Code of Ethics, Graham Stuart Wolloff and I considered the various threats to our objectivity arising from this prior involvement. We concluded that those threats were at an acceptable level such that we could still act objectively and hence could be appointed Joint Administrators of the Company.

#### **OBJECTIVES OF THE ADMINISTRATION AND THE JOINT ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM**

As Joint Administrators of the Company, Graham Stuart Wolloff and I are officers of the Court, and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:

- (a) rescue the Company as a going concern; or
- (b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or

- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's contract and its financial circumstances meant that a Company Voluntary Arrangement was also not appropriate.

As a result, we are seeking to achieve objective (b) for the Company. We believe that this has been achieved through a post-appointment sale of the contract and intellectual property assets of the Company which have both enhanced the value achieved in relation to the Company's assets. In addition, the intention of the Purchaser to complete the Company's contract has already and will continue to result in reduced overall creditor claims to be submitted in the administration. At this stage, we have not received a number of proof of debts from creditors nor do we have a complete list of those creditors' claims that have been settled since the SPA was signed. However, we are confident that the time between sending out notices to creditors and placing the Company in liquidation would have significantly reduced the value of the Company's assets ultimately meaning that a sale may have not been possible. In addition, claims under the terms of the Company's contracts with its key suppliers would have likely resulted in significantly increased claims on termination of these contracts. The effluxion of time would have also meant it was unlikely that a sale could have been achieved. Unfortunately for reasons of commercial confidentiality and to comply with the terms of the signed SPA, we are unable to provide the necessary information to creditors that would demonstrate that Administration is likely to provide a significantly better outcome for creditors than the likely alternative, a Creditors' Voluntary Liquidation.

In the event that the Joint Administrators are unable to realise the floating charge assets in accordance with the directors' Statement of Affairs, the Joint Administrators will pursue objective (c) for the Company. This objective will be achieved by making a distribution to the fixed charge holder.

The insolvency legislation has set a 12-month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If we are unable to complete the Administration of the Company within 12 months, then we will either apply to Court or seek a decision from the creditors to extend the duration of the Administration.

## **ACTIONS OF THE JOINT ADMINISTRATORS FOLLOWING APPOINTMENT**

Creditors should note that an initial review of the Company's signed contracts (provided by the charge holder which included details of the 'step in' provisions) together with its financial position was undertaken prior to the appointment of the Joint Administrators. As such, this work forms part of our pre-appointment time costs which are detailed under a separate heading within these Proposals. On completion of this review, it became clear that there was no benefit to creditors in the Company continuing to trade. The lack of funding together with no future increase in value (or profitability) meant that this was not a viable option.

On this basis, the Company ceased trading on appointment and no further work was undertaken by either the directors or the Company's Chief Technical Officer. In addition, the Company's sole employee was made redundant with immediate effect as there no funds to make payment for that month's salary.

Since we were appointed as Joint Administrators, we have undertaken routine statutory and compliance work, such as filing notice of our appointment with requisite parties and setting up both physical and electronic case files internally. These are tasks are required by statute or regulatory guidance and are necessary for the orderly conduct of the proceedings. Whilst they do not produce any direct benefit for creditors, they still have to be carried out.

We have investigated the validity of the fixed and floating charge due to Orthios OTECH5 Limited and considered if S245 Insolvency Act 1986 applies in these circumstances.

Following our appointment on 25 February 2020, we have taken steps to secure, value and negotiate a sale of certain intangible assets of the Company. The vast majority of the Company's records were kept on-line and there were no physical records that could be collected as the Company had no specific trading premises as the directors and one additional employee all worked from home. In order to obtain background information in relation to the current status of the Company's main contract, the Joint Administrators met with both directors of the Company on two separate occasions. Following the

second meeting, various information was provided that assisted with ascertaining the nature of the Company's assets.

The Joint Administrators also liaised with the Company's supplier of "cloud based" project management and record keeping system that contained much of the information that the Joint Administrators required. Unfortunately, this system also held data in relation to the directors' other associated companies that the Joint Administrators had no right to. The Joint Administrators were therefore dependent on data being copied across from the associated company into this system.

For reasons set out above, the Company's signed contracts contained various clauses which prevented the marketing of the Company's intellectual property and contracts with third parties. As explained previously, we engaged Hilco to confirm whether they considered the only offer (for certain intangible assets) that the Joint Administrators received (from the eventual purchaser) represented the best deal for creditors as a whole. Hilco are global valuation specialists with long-standing experience in dealing with sales of assets in both a distressed sale scenario and once Joint Administrators have been appointed. Hilco also had relevant experience in valuing contracts and the intellectual property of the Company. Hilco reviewed information provided by the Joint Administrators, by directors and from the qualifying floating charge holder to gain a full understanding of the offer on the table and the Company's assets. As part of the Purchaser's due diligence process, we obtained and provided information to them that they necessarily required to determine the quantum of their offer for the Company's assets.

Having ascertained that it was unlikely that another offer would be received in the requisite time frame for the contract to be completed, we are pleased to report that we have managed to negotiate and complete a sale of the Company's assets to Orthios Technologies Limited ("the Purchaser" or "OTL"). As part of this process, we have liaised with the Purchaser, our agents together with our legal advisors and those appointed by the Purchaser. Consideration of £30,000 (excluding VAT) was received for some of the Company's assets which covered the following assets:

- Contracts - £14,999.50
- Business Intellectual Property Rights - £1.00
- Seller's records - £14,999.50

The sale completed on 24 March 2020 and these funds have been received from the Joint Administrators' legal advisors (please see enclosed Receipts and Payments). However, in order to finalise the sale in the requisite time frame to allow the Purchaser to start completing the contract, it was decided to draft documentation to assign two of the Company's contracts at a later date. The assignment was agreed in principle as part of the SPA and these two contract assignments were subsequently signed and agreed on 2 April 2020.

The SPA specifically excluded various assets of the Company, the main ones being:

- cash at bank and in hand;
- book debts;
- all policies of insurance and assurance and any actual or potential claim under such policies or similar contracts or in damages against any third party;
- the benefit of any actual or potential claim, or right to make a claim, against any person (other than claims under or in connection with the Contracts) including the proceeds of any litigation;
- any shares or other securities owned by the Company; and
- any plant, equipment, machinery, stock or motor vehicles owned or used by the Company.

Creditors will note from the Statement of Affairs provided to us by the directors that "The Engeneering of Sweden Filial Loan" owes the Company approximately £938,600. As far as we are currently aware, this is not a connected party to either the directors or shareholder of the Company. Our enquiries are continuing into the reasons for and how this debt arose given that, at face value, this does not appear to be the result of trading activities in accordance with the Company's signed contracts. It is also our understanding that this debt was subject to a guarantee. Following our appointment, we have been in correspondence with the debtor and also placed the guarantor on notice that we may be seeking repayment of the balance in the event that we do not receive payment in full. At this stage, we cannot provide further information as this would be prejudicial to on-going negotiations. We will provide an update to creditors as and when we can in future reports.

The directors have also included prepayments in the Statement of Affairs totalling c£35,573. This actually consists of two separate deposits that were made to suppliers by the Company. We have made contact with both suppliers seeking repayment of these monies. Both suppliers have made counter claims and we are awaiting further documentation in support of these. However, we cannot provide further information at this stage for confidentiality reasons. Again, we will provide an update to creditors in future reports.

Following our appointment, we received a retention of title claim from one of the Company's suppliers in relation to a particular item of equipment that had not been paid for in full. The supplier concerned had appointed a legal advisor who claimed that the contract was not subject to English law but that of another EU country. On receipt of this claim, the Joint Administrators took their own legal advice regarding jurisdictional issues together with the claim itself. At this stage, it is our understanding that negotiations are taking place with the Purchaser so we cannot provide further information at this stage.

It is our understanding that the "Accounts Receivable" amount included within the Statement of Affairs provided to us by the directors in the amount of approximately £350,151 relates to a staged payment due under the terms of the contract. We have received a counter claim advising that this will be subject to set off and that Orthios OTECH5 Limited is owed significantly more under the terms of the contract with the Company. We have received supporting documentation in this regard today, and we will provide further information in our future report to creditors once we have had a chance to review and take legal advice (if necessary).

The Company had a Current Account, Euro Account and US Dollar Account which were held with National Westminster Bank Plc. Following receipt of the Joint Administrators' request, it is our understanding that these bank accounts have all been closed and funds totalling c£506 (please see enclosed Receipts and Payments Account) which is broadly in line with the total included in the directors' Statement of Affairs of c£529. Whilst awaiting final bank statements, the difference is likely to be a combination of final bank charges drawn prior to the closure of these bank accounts together with exchange rate differences. Whilst details of this account was not provided by the directors, it is our understanding that the Company held an additional bank account with HSBC Bank Plc ("HSBC") which had a small credit balance. We have requested the closure of this account and that the balance be paid to the Administration estate. An update on any amount remitted from HSBC will be provided in our next report to creditors.

We have additionally prepared the Joint Administrators' Proposals and, to the extent that we are able, provided information in relation to the sale of the Company's assets.

## **FINANCIAL POSITION OF THE COMPANY**

The directors were first asked to prepare a summary of the Company's estimated financial position ('Statement of Affairs') as at the date of our appointment. We requested they provide this to us on 2 March 2020. The directors provided a Statement of Affairs dated 30 March 2020. However, various queries were raised in relation to this document following which the directors sought to liaise with their accountant. I can confirm that as at today's date a further revision to the Statement of Affairs from the directors has been indicated will be delivered to us. Given that the figures may be subject to revision, the initial Statement of Affairs was not filed on public record at Companies House. Once finalised, the Statement of Affairs will be submitted to Companies House. This is attached at Appendix 1.

The Statement of Affairs makes no allowance for the costs and expenses of the Administration or any subsequent liquidation or other procedure which may follow.

Whilst reference has also been made to this document in the section detailing actions post our appointment, our more detailed comments on amounts contained within the Statement of Affairs are contained in the pages following its inclusion.

### **Prescribed part**

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

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

up to a maximum of £600,000. Please note that the floating charge was created before 06 April 2020 which means that the new maximum of £800,000 will not apply.

Due to the uncertainty surrounding the level of anticipated floating charge asset realisations, we are unable to provide creditors with a meaningful calculation confirming the likely amount of the net property of the Company nor the prescribed part (if any) together with whether it is possible that any distribution may be made to non-preferential creditors in this regard. For these reasons, we will provide creditors with an update in future progress reports.

## **JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

As set out in the section regarding our actions following appointment, the Joint Administrators have received the sales consideration of £30,000 (excluding VAT) and c£506 for the closure of the Company's Current, Euro and US Dollar bank accounts.

To date, a payment has been made to the Joint Administrators' solicitors (Howes Percival LLP) in the amount of c£9,155 including disbursements. This payment relates to funds received that are accountable to the fixed charge holder and have been agreed with them. A payment has also been made to the Company's former accountants (Harrison Salmon Associates) in the amount of £350 which consists of work undertaken to assist the directors in preparing the Statement of Affairs and the closure of the Company's payroll scheme which is required as part of the Administration process by HM Revenue & Customs. The only other payment (approximately £30) is one month's subscription for the Company's accounting software that is needed by the Joint Administrators to realise the assets of the Company and to carry out any further investigations that are required. These payments have been made out of floating charge funds.

Creditors will note from the enclosed Receipts and Payments Account that cash at bank totals c£25,075. After taking the VAT liability into account, the net balance is approximately £20,972, of which c£20,845 relates to fixed charge asset realisations and approximately £127 in respect of floating charge asset realisations.

## **PROPOSED FUTURE ACTIONS OF THE JOINT ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION**

As set out in the section above detailing our actions post appointment, there are still some assets to realise for the benefit of creditors. Some of these matters are subject to counter claim which may necessitate liaison with the Joint Administrators' legal advisors.

Some creditors have also raised concerns regarding the conduct of the directors in the period leading up to the insolvency of the Company. As explained above, enquiries are continuing into the circumstances surrounding "The Engineering of Sweden Filial Loan" that was granted by the Company. In addition to this, we also intend to carry out investigations generally with a view to determining any actions which may be available that may result in realisations for the benefit of the Administration estate.

For reasons set out above, we consider that the sale of the Company's assets has, in the main, achieved the objectives of the Administration. Future work that is directly beneficial to creditors will be realising the Company's remaining assets included in the Statement of Affairs provided by the directors. As these realisations are at an early stage, we cannot provide creditors with a realistic estimate of funds that will be received nor the costs in so doing. If realisations are in line with the Statement of Affairs, we will need to convert the Administration to a creditors voluntary liquidation to allow the payment of a dividend to the non-preferential creditors of the Company as and when realisations allow.

## **JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES**

I attach at Appendix 2 a copy of my practice fee recovery policy. In this particular matter and based on information provided to us by the directors, it is likely that there will be both fixed and floating asset realisations. The process for fixing my remuneration for each of these categories of assets differs.

With regard to our fees in realising fixed charge assets, any remuneration is taken out of monies received solely from the sale of these assets. As set out previously to creditors, these asset realisations to date total £30,000. It is the sole responsibility of the fixed charge holder to agree the office holders' remuneration together with that of any other professional fees incurred including both agents' and legal fees from the sale of these assets. Whilst the Receipts and Payments Account includes an estimated split, it must be stressed that these fees have not, as yet, been agreed with the fixed charge holder. Depending on the future level of floating charge asset realisations, the proportion of expenses between fixed and floating charges may change. Creditors will be provided full details of any amendments in future progress reports.

Turning to floating charge asset realisations, it is for the body of creditors to agree these fees. In summary, I am seeking to fix the basis of my remuneration (only for these asset realisations) on a time cost basis as detailed below. In the event that there are no additional floating charge asset realisations, the Joint Administrators' time costs will be written off. The Joint Administrators would have the option of seeking a further contribution from the fixed and floating charge holder which would not represent a realisation of the Company's assets. However, in the event that any such contribution is received, this will be disclosed to creditors in any future progress report.

#### Time costs:

Some work cannot be identified with enough certainty for me to seek remuneration on a fixed or percentage basis. For these tasks, I propose to seek approval on a time cost basis, i.e. by reference to time properly spent by me and members of staff of the practice at our standard charge out rates. When I seek approval for my fees on a time cost basis, I have to provide a fees estimate. That estimate acts as a cap on my time costs so that I cannot draw fees of more than the total estimated time costs without further approval from those who approved the fees. I attach a "Fees estimate summary" at Appendix 2 that sets out the work that I intend to undertake, the hourly rates I intend to charge for each part of the work, and the time that I think each part of the work will take. It includes a summary of that information in an average or "blended" rate for all of the work being carried out within the estimate.

As indicated in the fees estimate the following areas of work will be charged on a time cost basis; administration, investigations, realisation of assets and creditors. The following explains about the areas of work for which I am seeking approval on a time cost basis, whilst full information about the work that I will undertake on a time cost basis is contained in Appendix 2.

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

**Investigations:** The insolvency legislation gives the office holders power to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. The office holders are required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holders will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holders will provide an estimate of that benefit if an increase in fees is necessary. In this matter the office holders are aware that the circumstances surrounding "The Engineering of Sweden Filial Loan" will need to be investigated. The estimated time required to be spent to do so and the time costs of doing so are included in the estimate. At this early stage, the office holders are unable to quantify the benefit to creditors of these investigations at present but will include such information in any future statutory report to creditors once the position is clear.

The office holders are also required by legislation to report to The Insolvency Service on the conduct of the directors and the work to enable them to comply with this statutory obligation is of no direct benefit to the creditors, although it may identify potential recovery actions.

**Realisation of Assets:** This is the work that needs to be undertaken to protect and then realise the known assets in the case. For confidentiality reasons and to not be prejudicial to on-going negotiations, the office holders cannot provide an estimate of likely realisations to creditors. At this stage, the only estimate available is that contained within the directors' Statement of Affairs.

**Creditors:**

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

Dividends - the office holders have to undertake certain statutory formalities in order to enable them to pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors. Please note that this work will only be undertaken in the event that asset realisations are sufficient for a distribution to be made to either preferential or unsecured creditors.

More details of the tasks included in these categories are included in the fees estimate. I estimate that the total time costs that I will incur in undertaking these tasks in this case will be £76,780.80 at a "blended" rate of £192.00 per hour.

This estimate has been provided to creditors at a relatively early stage in the administration of the case and before the office holders have full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holders' current knowledge of the case and their knowledge and experience of acting as office holders in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holders exceed the estimate, or are likely to exceed the estimate, the office holders will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holders cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holders considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

I anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

To date a total of 199.90 hours have been spent working on the above tasks in the Administration, and total time costs to date are £38,439.50 charged at an average charge out rate of £192.29. Details of the time units used and current charge-out rates are provided in our practice fee recovery sheet, a copy of which is enclosed at Appendix 2. I attach, in respect of the areas of work where I am seeking to charge fees on a time cost basis, an analysis of time costs incurred to date by reference to grade of staff and work done at Appendix 2.

If a Creditors' Committee is appointed, it will be for the Committee to approve the basis of the Joint Administrators' remuneration and Category 2 disbursements. If a Committee is not appointed, then I will be seeking a decision from the creditors at the same time I seek a decision from them on whether or not to approve these proposals.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <https://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>. There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet.



I have used the following agents or professional advisors since my appointment as Administrator:

<b>Professional Advisor</b>	<b>Nature of Work</b>	<b>Fee Arrangement</b>
Howes Percival LLP	Solicitors	Time costs
Hilco	Agents/Valuers	Time costs

The choice of professionals was based on my experience and their ability to perform this type of work and the complexity and nature of this assignment. I also considered that the basis on which they will charge their fees represented value for money.

Details of the work that my agents will undertake, together with an estimate of their costs for doing so, is provided in Appendix 3.

We are yet to receive accounts from these agents to indicate any costs that have been incurred to date. Details of the anticipated post appointment costs we are likely to incur are provided at Appendix 3.

I also propose that I am permitted to charge and recover what are known as Category 2 expenses. Details of my Category 2 disbursement recovery policy are included within our practice fee recovery sheet enclosed at Appendix 2.

To date the only Category 2 disbursements incurred relate to mileage for meetings with the directors totalling £76.50.

I anticipate that expenses totalling £22,139.25 will arise in these proceedings, as detailed in Appendix 3. Expenses do not have to be approved, but when reporting to any committee and the creditors during the Administration, together with any subsequent Liquidation, the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences for example, where legal costs rise due to escalated recovery action.

#### **PRE-ADMINISTRATION COSTS**

As explained above, the appointment was made by Orthios OTECH5 Limited (qualifying floating charge holder) on 25 February 2020. To date, our pre-administration costs on a time cost basis total £3,780.00 consisting of 17.80 hours' work at an average charge out rate of £212.36. The table below provides a more detailed break-down of our pre-appointment time costs incurred by category and staff grade at my firm. Further information is also provided below regarding pre-appointment work undertaken.

In addition to our pre-administration fees, the following expenses were also incurred:

<b>Professional Advisors</b>	<b>Service provided</b>	<b>Basis of fees</b>	<b>Estimated total £</b>
Howes Percival LLP	Assistance with formalities in placing the Company into Administration including appointment documents and advice surrounding the procedure.	Time Costs	2,758.40
Hilco	Valuation of Company's assets	Time Costs (estimate)	5,000.00
<b>TOTAL</b>			<b>7,758.40</b>

In the event that floating charge asset realisations are insufficient to allow the pre-administration costs to be drawn, the Joint Administrators would either have to write these costs off or seek a contribution from the fixed charge holder towards these costs. Whilst any such contribution would not be a realisation of a floating charge asset of the Company, any such payment received from the fixed charge holder would be disclosed in a future report to creditors.

In the period before the Company entered into Administration, we carried out the following work:

Prior to Administration, the proposed Joint Administrators gathered information on the Company to ensure that they were in a position to consent to act as Joint Administrators and to formulate an initial strategy for pursuing achievement of an Administration objective.

Howes Percival LLP solicitors were also engaged to provide advice regarding the appointment process and undertook the necessary legal formalities to place the Company into Administration and filing relevant documents in Court.

Their costs for providing that work are detailed above and will be paid as an expense of the Administration without needing to obtain the approval of creditors. It was felt that this strategy would further the second objective of achieving a better result for creditors as a whole than would be likely if the Company were either wound up or placed in creditors' voluntary liquidation. This work was expected to have a financial benefit for creditors, as the strategy of pursuing this objective would enhance realisations (enabling a sale soon after appointment with time for necessary due diligence) and reducing or avoiding claims from some creditors on the assignment of contracts.

We also assisted the qualifying floating charge holder to take the appropriate steps to place the Company into Administration. This task, together with some of the other tasks mentioned above are required by statute or regulatory guidance, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

For carrying out the above, the following pre appointment time costs were incurred:

<b>Work category</b>	<b>Licensed Insolvency Practitioner hours</b>	<b>Director/ Senior Manager hours</b>	<b>Manager hours</b>	<b>Professional staff hours</b>	<b>Admin staff hours</b>	<b>Total hours</b>	<b>Time cost £</b>	<b>Average hourly rate £</b>
Pre-Appointment	14.10	2.10	1.60	-	-	17.80	3,780.00	212.36

An estimate of these fees was provided to the qualifying floating charge holder although this was in the event that there were limited or nil asset realisations. As explained under the section detailing receipts and payments above, our solicitors' fees and disbursements have been paid out of fixed charge asset realisations to date.

If a Creditors' Committee is appointed, it will be for the Committee to approve payment of the pre-administration costs that have not yet been paid. If a Committee is not appointed, then since the pre-administration costs that have not yet been paid cannot be approved as part of these proposals, I will be seeking a separate decision from the creditors in accordance with rule 3.52 at the same time I seek a decision from them on whether or not to approve these proposals.

## **JOINT ADMINISTRATORS' INVESTIGATIONS**

The Joint Administrators have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. We are also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive any information from creditors that you have which you consider will assist us in this duty. We would stress that this request for information forms part of our normal investigation procedure.

## **EC REGULATION ON INSOLVENCY PROCEEDINGS**

I consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office and its trading address are in the United Kingdom.

## **JOINT ADMINISTRATORS' PROPOSALS**

In order to achieve the objective that is set out at Section 3 above, Graham Stuart Wolloff and I formally propose to creditors that:

We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:

- (i) investigate the circumstances surrounding "The Engeneering of Sweden Filial Loan" provided in the directors' Statement of Affairs;
  - (ii) deal with any additional matters surrounding the sale of the Company's assets and to provide assistance to the Purchaser as can reasonably be expected;
  - (iii) to realise the Company's remaining assets at such time(s) and on such terms as we consider appropriate;
  - (iv) to 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 which supplies or has supplied goods or services to the Company; and
  - (v) to do all such things and generally exercise all their powers as Joint Administrators as we consider desirable or expedient at our 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 proposals
- (a) In the event that there are sufficient realisations to allow a dividend to be paid to the non-preferential creditors, save for a distribution under the prescribed part provisions, that the Administration will end by placing the Company into Creditors' Voluntary Liquidation, and propose that Mark Grahame Tailby and Graham Stuart Wolloff are appointed Joint Liquidators of the Company and that we be authorised to act either jointly or separately in undertaking our duties as Liquidators.
- Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at Section 13.
- (b) In the event that there are insufficient realisations to allow a dividend to be paid to the non-preferential creditors, save for under the prescribed part provisions, then the Administration of the Company will end by filing notice of dissolution with the Registrar of Companies. In the event that further time is required to realise the remaining Company assets, the Joint Administrators may seek creditors' consent for the Administration to be extended by a further 12 months. The Company will then automatically be dissolved by the Registrar of Companies approximately three months after the notice is registered.

## **APPROVAL OF THE STATEMENT OF PROPOSALS**

I am seeking decisions by correspondence from the creditors to approve my proposals, approve my pre-administration costs, fix the basis of my remuneration, and to approve my Category 2 disbursements. If a creditor wishes to vote on the decisions, they must complete and return the voting form, enclosed at Appendix 4, to me by no later than 23.59 on 14 May 2020, the decision date. If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me, together with the relevant supporting documentation. A vote on the decisions by a creditor will not count unless they have lodged proof of their debt by no later than 23.59 on 14 May 2020.

Creditors are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form a Creditors' Committee and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee, further information about the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link <https://media.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>.

**Please note that I must receive at least one vote by the decision date or the decisions will not be made. I would therefore urge creditors to respond promptly.**

Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within 5 business days of the delivery of the notice that accompanies this letter. Such requests must be supported by proof of their debt, if not already lodged. I will convene a meeting if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

#### **FURTHER INFORMATION**

To comply with the Provision of Services Regulations, some general information about Elwell Watchorn & Saxton LLP, including about our complaints policy and Professional Indemnity Insurance, can be found at [www.ewslp.co.uk](http://www.ewslp.co.uk).

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available on-line, they should contact Alastair Fish on the above telephone number, or by email at [a.fish@ewslp.co.uk](mailto:a.fish@ewslp.co.uk).



**Mark Grahame Tailby**  
**JOINT ADMINISTRATOR**

Licensed in the United Kingdom to act as an insolvency practitioner  
by The Insolvency Practitioners Association

The Joint Administrators act as agents of the Company and without personal liability.

**RODAN PROCESS SOLUTIONS LIMITED**  
**IN ADMINISTRATION**

Receipts and Payments Account From 25 February 2020 to 16 April 2020

Statement of Affairs Value £	25/02/2020 to 16/04/2020		Total to 16/04/2020	
	£	£	£	£
	<b>SECURED ASSETS</b>			
0.00	Intangible Assets	30,000.00		30,000.00
(250,000.00)	Amount Due to Orthios OTECH5 Limited(*)	0.00	0.00	
(250,000.00)			30,000.00	30,000.00
	<b>COST OF REALISATIONS</b>			
	Legal Fees (pre-appointment)	(2,688.00)	(2,688.00)	
	Legal Fees (post-appointment)	(6,466.90)	(6,466.90)	
			(9,154.90)	(9,154.90)
			20,845.10	20,845.10
	<b>FLOATING CHARGE ASSETS</b>			
529.32	Cash at Bank	506.34	506.34	
350,151.48	Accounts Receivable	0.00	0.00	
35,573.27	Prepayments	0.00	0.00	
74,627.98	Work in Progress	0.00	0.00	
938,599.93	The Engineering of Sweden Filial Loan	0.00	0.00	
1,399,481.98			506.34	506.34
	<b>COST OF REALISATIONS</b>			
	Professional Fees	(350.00)	(350.00)	
	Storage and destruction of records	(29.50)	(29.50)	
			(379.50)	(379.50)
	<b>PREFERENTIAL CREDITORS</b>			
(9,990.00)	Employees	0.00	0.00	
(9,990.00)			0.00	0.00
	<b>UNSECURED CREDITORS</b>			
0.00	Employees	0.00	0.00	
0.00	Directors' Loan Accounts	0.00		
0.00	HM Revenue & Customs	0.00		
(1,997,496.85)	Unsecured non-preferential claims	0.00	0.00	
(1,997,496.85)			0.00	0.00
	<b>EQUITY</b>			
(100.00)	Ordinary Shares	0.00	0.00	
(100.00)			0.00	0.00
(858,104.87)			20,971.94	20,971.94
	<b>REPRESENTED BY</b>			
	Current Account - Interest Bearing		25,075.06	
	Fixed Charge VAT Receivable (Payable)		(4,179.02)	
	Floating Charge VAT Receivable (Payable)		75.90	
			20,971.94	20,971.94
				20,971.94

Note: \* please note any shortfall due to Orthios OTECH5 Limited is claimable under floating charge realisations

**Appendix 1:**  
**Directors' Statement of Affairs At 25 February 2020**

Rule 3.30 Insolvency (England and Wales) Rules 2016

**Statement of affairs**

Name of Company <b>RODAN PROCESS SOLUTIONS LIMITED</b>	Company number <b>11104932</b>
In the High Court of Justice, Business & Property Courts of England and Wales, Insolvency and Companies Lis <small>(full name of court)</small>	Court case number <b>CR-2020-001360 of</b>

(a) insert name and  
address of registered  
office of the company  
(b) insert date


Statement as to the affairs of (a) **RODAN PROCESS SOLUTIONS LIMITED, 109 Swan Street,  
Sleby, Loughborough, Leicestershire, LE12 7NN** ("the company")  
on the (b) **25 February, 2020**, the date that the company entered administration.

**Statement of Truth**

I believe that the facts stated in this statement of affairs are a full, true and complete  
statement of the affairs of the above named company as at (b) 25 February, 2020 the date  
that the company entered administration.

---

Full name      **John Harold Edwards**

Signed      

Date      **30/03/2020**

**Assets subject to fixed charge:**

Book Value £	Estimated to Realize £
284.18	284.18
34.82	34.82
210.32	210.32
350,151.48	350,151.48
35,573.27	35,573.27
74,627.98	74,627.98
938,599.93	938,599.93
1,399,481.98	1,399,481.98

**Uncharged assets:**

EUR account / Bank  
USD account / Bank  
Current account / Bank  
Accounts Receivable  
Prepayment  
Work in Progress  
The Engineering of Sweden Fitil Loan

**Estimated total assets available for preferential creditors**

Signature Atedwans Date 30/03/2020

## A1 – Summary of Liabilities

		Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)		1,399,481.98
Liabilities	£ 0.00	
Preferential creditors:-	9,990.00	
Employees		9,990.00
Estimated deficiency/surplus as regards preferential creditors	£	1,389,491.98
Estimated prescribed part of net property where applicable (to carry forward)	£ 0.00	
Estimated total assets available for floating charge holders	£	1,389,491.98
Debts secured by floating charges	£ 250,000.00	250,000.00
Estimated deficiency/surplus of assets after floating charges	£	1,139,491.98
Estimated prescribed part of net property where applicable (brought down)	£ 0.00	
Total assets available to unsecured creditors	£	1,139,491.98
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£ 1,997,496.85	
Consumer creditors for pre-paid goods or services	0.00	
Employees	0.00	1,997,496.85
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	(858,004.87)
Shortfall to floating charge holders (brought down)	£ 0.00	
Estimated deficiency/surplus as regards creditors	£	
Issued and called up capital	£ 100.00	100.00
Estimated total deficiency/surplus as regards members	£	(858,104.87)

Signature



Date 30/03/2020



## B Company Creditors

Note You must include all creditors and identify creditors under hire-purchase, chattel leasing or conditional sale agreements and creditors claiming retention of title over property in the company's possession.

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Ambient Energy LLC	PO Box 2064, Olympia Washington 98507, USA	876,509.60			
Condex (UK) Limited	White Cross, Lancashire, LA1 4XQ	26,440.00			
Elke Thurlings		6,821.21			
Guttridge Limited	Wardentree Park, Pinchbeck, Spalding, PE11 3UU	294,725.84			
Harrison Salmon Associates	Suite 3, Waterside Business Centre, Canal Street, Leigh, WN7 4DB	1,216.80			
ICB Design & Engineering Ltd.	Hassall Road, Skegness Business Park, Skegness, PE25 3TB	9,992.34			
Invin Mitchell	Riverside East, 2 Millsands, Sheffield, S3 8DT	5,044.20			
Park Gate & Company Ltd.	87 Kingstown Broadway, Kingstown Ind. Estate, Carlisle, Cumbria, CA3 0HA	37,591.56			
Power Engineering	Martland Mill, Martland Mill Lane, Wigan, WN6 0LX	64,000.00			
Pressvess (Intern.) Limited	Stallings House, Stallings Lane, Kingwinford, DY8 7LG	64,808.40			
Professional Fabrication Services	London Road, Penrhos Works, Holyhead, LL65 2UX	83,940.48			
Rodan Engineering Company Ltd.	Suite 3, Waterside Business Centre, Canal Street, Leigh, WN7 4DB	24,000.00			
Spiro B.V.	Compagniestraat 14, 7828 TB Emmeren, Neatherlands	17,645.03			

30/03/2020

Signature  Date

## B Company Creditors

Note You must include all creditors and identify creditors under Hire-purchase, chattel leasing or conditional sale agreements and creditors claiming retention of title over property in the company's possession.

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Storlec Engineering Limited	15 Deanfield drive, Linc 58 Business Park Clitheroe, BB7 1QJ	83,707.20			
TestIB Limited	5 Peacock Parkway, Bonny Rigg, Midlothian EH19 3RQ	145,000.00			
John Edwards Directors Loan account		38,780.56			
HMRC (VAT)		319,214.52			
HMRC (PAYE)		24,836.62			
The Rodan Group Limited	Suite 3, Waterside Business Centre, Canal Street, Leigh, WN7 4DB	86,900.00			
—	—	—			

Signature  Date 30/03/2020

**C**  
**Consumer Creditors**

**Note You must include all creditors who are consumers claiming amounts paid in advance of the supply of goods or services**

[illegible]

Signature A. Edwards Date 30/03/2020



**Note** You must include all employees who owed monies by the company in respect of unpaid wages, holiday pay, pay in lieu of notice etc.

[illegible]

Adrian

**Statement of concurrence**

Name of Company <b>RODAN PROCESS SOLUTIONS LIMITED</b>	Company number <b>11164832</b>
In the <b>High Court of Justice, Business &amp; Property Courts of England and Wales, Insolvency and Companies List (ChD)</b> <small>(full name of court)</small>	Court case number <b>CR-2020-001360</b>

- (a) Insert full name and address of registered office of company to which statement of affairs relates  
With regards the Statement of Affairs of (a) **RODAN PROCESS SOLUTIONS LIMITED, 109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN ("the company")**
- (b) Insert date statement of truth on the statement of affairs was made  
made on (b) **30/03/2020**
- (c) Insert full name of person who made the statement of truth on the statement of affairs being concurred with  
by (c) **John Harold Edwards**
- Statement of Truth**
- (d) Insert full name and address of person making statement  
I (d) **John Harold Edwards**  
**Apartment 5, 3 Ledgard Avenue, Leigh, WN7 4BN**

\*Delete as applicable

\* concur with the Statement of Affairs of the above company and I believe that the facts stated in the Statement of Affairs are a full, true and complete statement of the affairs of the company on the date that it entered administration.

OR

- (e) Please list matters in the statement of affairs which you are not in agreement with, or which you consider to be erroneous or misleading, or matters to which you have no direct knowledge and indicate reason for listing them

\*concur with the Statement of Affairs of the above company, subject to the following qualifications (e)

and believe that, subject to these qualifications, the facts stated in the statement of affairs are a full, true and complete statement of the affairs of the company on the date that it entered administration.

Full Name

John Harold Edwards

Signed



Dated

30/03/2020

## Notes/Comments

### 1. Intangible Assets

The directors' Statement of Affairs does not include the sale of the Company's assets in the amount of £30,000 which will be subject to the fixed charge. At the time this document was being drafted, negotiations were not complete meaning that these asset realisations could not be disclosed to the directors. Full details of the constituent elements that formed part of the sale and purchase agreement together with details of professional valuers utilised for this case are provided in our Proposals above.

### 2. Bank Accounts – Current, Euro and US Dollar Bank Accounts

It is our understanding that the Company held Current, Euro and US Dollar bank accounts with National Westminster Bank Plc ("NatWest"). The directors' Statement of Affairs includes realisations of approximately £529 in relation to these accounts. These accounts have been closed by the Joint Administrators who have received c£506 (please see attached Receipts and Payments Account). The minor difference is likely to relate to final bank charges applied on closure of these accounts together with differences in exchange rates used by the directors and NatWest. As explained above, the Joint Administrators have sought the closure of a bank account held with HSBC Bank Plc that holds a small credit balance. The realised amount will be provided in our six-month progress report to all known members and creditors.

### 3. Accounts Receivable

Creditors will note that the directors' Statement of Affairs includes an amount for "Accounts Receivable" totalling approximately £350,151. Whilst this is listed as an uncharged asset, it should in fact be a floating charge asset. Based on the Company's accounting software, this is in fact the balance of a staged payment due from the qualifying floating charge holder. However, we have been advised that this debt will be subject to set off and that the amount owed is significantly greater than the realisation listed in the attached Statement of Affairs. However, we are awaiting copy of a Proof of Debt together with supporting documentation before being able to advise whether set off is valid in these particular circumstances.

### 4. Prepayment

As explained in our Proposals above, this actually consists of two separate deposits that were paid to key suppliers of the Company prior to our appointment. We have made contact with both suppliers seeking repayment of these monies. Whilst counter claims have been made, we are awaiting further documentation in support of these before being able to adjudicate on the amount owed to the Company. However, we cannot provide further information at this stage for confidentiality reasons.

### 5. Work in Progress

This relates to payments made to a key supplier of the Company totalling approximately £74,628 for a particular item of equipment that was needed on site. The item had not been paid for in full leaving a balance outstanding. Following our appointment, we received a retention of title claim from this particular supplier's appointed legal advisor who claimed that the contract was not subject to English law but that of another EU country. On receipt of this claim, the Joint Administrators took their own independent legal advice regarding jurisdictional issues together with particular issues in relation to the claim itself. At this stage, it is our understanding that negotiations are on-going between this supplier and the Purchaser so we cannot provide further information at this stage for confidentiality reasons.

### 6. The Engineeering of Sweden Filial Loan

Creditors will note from the directors' Statement of Affairs that "The Engineeering of Sweden Filial Loan" owes the Company approximately £938,600. Our enquiries are continuing into the reasons for together with how this debt arose given that, at face value, it does not appear to be the result of trading activities in accordance with the Company's signed contracts. It is also our understanding that this debt was subject to a guarantee. Following our appointment, we have been in correspondence with the debtor and also put the guarantor on notice that we may be seeking repayment of the balance in the event that we do not receive payment in full. At this stage, we cannot provide further information as this would be prejudicial to on-going negotiations. We will provide an update to creditors as and when we can in future reports.

#### 7. Preferential Creditors

Creditors will note that this amount represents the directors' estimate of outstanding wages and holiday pay in respect of the Company's only employee. These claims are given preferential status by virtue of Section 368 of the Insolvency Act 1986. For reasons explained in greater detail above, the Company ceased trading on the date of the Joint Administrators' appointment (25 February 2020) and this employee was made redundant on that same day. Based on information received to date, the actual claim has been calculated as £3,952. However, please note that no claim has been received from The Redundancy Payments Office so no work has been undertaken to agree the amount of this claim.

#### 8. Debt secured by floating charges

This relates to the initial amount loaned to the Company by the qualifying floating charge holder, Orthios OTECH5 Limited who hold a fixed and floating charge (charge code: 1110 4932 0001) covering all the property or undertaking of the Company. The charge was created on 18 December 2019 and was registered at Companies House on 30 December 2019.

#### 9. Trade & Expense Creditors

Please see attached schedule. This is based on a creditors list provided by the directors of the Company.

#### 10. H.M. Revenue & Customs

Whilst not identified separately within the Statement of Affairs, the unsecured non-preferential claims figure includes an estimate of the outstanding tax liabilities as follows;

Tax Type	Amount (£)
VAT	319,214.52
PAYE & NICs	24,636.62
Corporation Tax	0.00
Total	<hr/> 343,851.14

#### 11. Related Party Loans

The amount owed to the directors and to associated companies are included in unsecured non-preferential claims. We have requested and are awaiting supporting documentation in relation to each of these debts. Based on the Company's creditors schedules provided, the total owing is c£156,502 which consists of the following claims:

Related Party	Amount (£)
John Edwards	38,780.56
Rodan Engineering Company Ltd.	24,000.00
The Rodan Group Limited	86,900.00
Elke Thurlings	<hr/> 6,821.21
Total	156,501.77

#### 12. Employee Claims

Whilst the directors' Statement of Affairs includes no allowance for the sole employee's non-preferential claim, part of this has been included in the preferential claim in the amount of £9,990. This represents the estimated non-preferential claim for the sole employee in respect of the balance of wage arrears and holiday pay above statutory limits together with pay in lieu of notice. Based on information received to date, this claim has been calculated as £28,747. However, please note that no claim has been received from the Redundancy Payments Office so no work has been undertaken to agree the amount of this claim.



## **Appendix 2: Elwell Watchorn & Saxton LLP's Fee Recovery Policy, Fee Estimate and Details of work to be undertaken in the Administration**

### ***Firm's charging policy***

It is the firm's policy that all staff involved on an assignment will record all time spent on dealing with matters arising on that client and that the time will be categorised to show the type of activity carried out. The charge out rates of licensed insolvency practitioners, directors and managers do not therefore include provisions for time spent by secretaries, cashiers and support staff.

Irrespective of any basis of remuneration agreed, the legislation requires that time spent by all staff on a case is recorded. The recorded time cost is calculated by multiplying the time spent by the individual by their charge-out rate. Time is recorded in units of 6 minutes, with 10 units making up each hour of time spent. Charge-out rates are reviewed annually and are subject to change without prior notice. Full details of the rates applied to a specific case are available on application.

Although for most appointments, the legislation allows the office holder to seek to be remunerated on a combination of any or all of the following bases;

- a. A time cost basis
- a. A percentage of the value of the property dealt with by the office holder (realisations and / or distributions)
- b. A fixed fee

It is the Firm's current policy to seek remuneration on (a) a time cost basis for insolvent appointments.

The arrangements regarding office holder remuneration do not however apply to Members Voluntary Liquidations (MVL's), Company Voluntary Arrangements (CVA's) or Individual Voluntary Arrangements (IVA's). In MVL's, the company members agree the fee basis, usually as a fixed fee. In VA's, the fee basis is incorporated in the arrangement proposal which creditors agree when they approve the arrangement.

Office holders' remuneration is subject to VAT with the exception of VA's which are VAT exempt.

The Firm has five grades of staff (including the office holder) as detailed below. The office holder ensures that case assignments have been carried out by appropriate grades of staff. The charge-out rates of the persons involved in this case are as follows:

	<b>Charge-out rate (up to £ per hour)</b>
Licensed Insolvency Practitioner	295.00
Director / Senior Manager	200.00
Manager	150.00
Other Professionals	135.00
Administrative Staff	65.00

Each staff member involved in the case records actual time spent in a computerised time recording system together with a narrative describing the actual work undertaken. Work is analysed by prescribed task descriptors which are recorded under the following standardised categories:

- Administration (including statutory reporting)
- Investigations
- Realisation of assets
- Trading
- Creditors (claims and distribution)

In seeking approval to be remunerated on a time costs basis, the office holder must provide a fee estimate to the creditors which then acts as a cap to ensure that the fees subsequently drawn cannot exceed the fee estimate without the office holder seeking further approval. The office holder must also provide details of the work intended to be undertaken together with details of the hourly rates proposed to be charged and an estimate of the time envisaged being taken to complete the required work. The office holder will also state whether it is envisaged at this stage whether there may be a future need to seek approval to exceed the original estimate and any reasons for which this could become necessary. To simplify matters, the estimated charges may be presented using a 'blended' (an average time cost) rate for the work carried out detailed in the fee estimate.

Should the office holder subsequently need to seek authority to draw fees in excess of the original fees estimate, details will be provided which include reasons why the original estimate has been or is likely to be exceeded, details of any additional work required to be undertaken, the hourly rates proposed and an estimate of the additional time envisaged being taken to complete the identified work. The office holder will again state whether it is envisaged at this stage whether there may be a future need to seek approval to exceed the estimate and any reasons for which this could become necessary.

Sufficient information will be provided about the appointment to demonstrate how the fee estimate reflects the requirements of the case. This will include any responsibility of an exceptional nature on the office holder, the effectiveness with which functions are carried out and the value and nature of the property dealt with by the office holder.

A guide to help creditors understand the law and their rights in relation to an insolvency process can be found at:-

<http://www.creditorinsolvencyguide.co.uk>

Additional information regarding how the Insolvency Practitioner will be paid can be downloaded under "Fees" at:-

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

Alternatively, a creditor may obtain a printed copy by contacting this office directly.

### ***Disbursements***

Disbursements incurred by the office holder in connection with the case must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 - disbursements not requiring approval represent a re-charge to the estate for direct costs, payable to independent third parties, specifically incurred in the administration of the estate. In certain instances these costs were initially met from the firm's resources due to the lack of funds available at the time that payment was due.

Category 2 - disbursements requiring approval, represent a charge to the estate for the costs incurred by the firm specifically in relation to the estate. The basis of payment of category 2 disbursements must be approved by creditors prior to any payment being drawn. The standard disbursement policy of Elwell Watchorn & Saxton LLP is:-

- Mileage will be charged at 45p per mile.
- Other disbursements where the firm makes payment to an external party for an expense incurred wholly, exclusively and necessarily in relation to the insolvent estate, will be recharged at cost.

### ***Professional advisors engaged by the office holders***

The office holders may appoint professional advisors to assist with the administration and progression of the case. The choice of advisor will be based on their relevant experience and ability to perform the required type of work, the nature and complexity of the specific assignment and the basis of the fee arrangement negotiated. Professional advisors' fees are charged at cost. The office holders will provide details of fees to be incurred or likely to be incurred when seeking fee approval. Actual costs incurred, together with a comparison to the original estimate, will be detailed in routine periodic reporting of the case.

**Office holders' remuneration proposal and fees estimate summary**

For this case, we intend to seek approval on a time cost basis. Our fees estimate summary below sets out the work that will be undertaken, the time it is anticipated that the work will take and the cost associated with that work. The appointees will ensure throughout that case assignments are carried out by appropriate grades of staff.

Work anticipated to be required on this case including that completed to date is detailed below. Please note that we currently anticipate that the exit from the administration will be by way of a Creditors Voluntary Liquidation. We have therefore separately indicated those tasks which we anticipate will be required in the liquidation below.

We are required by the legislation to indicate which of these activities are likely to provide a financial benefit to creditors of the case (shown in *italics*) as opposed to those that are required by statute (shown in normal type).

**Work for which the Joint Administrators are seeking to be remunerated on a time costs basis:****Administration:**

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical/electronic case files (as applicable).
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holders, including gazetting the office holders' appointment (as applicable).
- Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).
- Preparing, reviewing and issuing proposals to the creditors and members.
- Filing the proposals at Companies House.
- Reporting on the outcome of the approval of the proposals to the creditors, Companies House and the Court.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holders' estate bank account.
- Creating, maintaining and managing the office holders' cashbook.
- Undertaking regular reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing 6-month progress reports to creditors and members.
- Filing progress reports at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Seeking closure clearance from HMRC and other relevant parties.
- Preparing, reviewing and issuing final reports to creditors and members.
- Filing final reports at Companies House.

**Investigations:**

- Recovering the books and records for the case including gaining access to on-line software.
- Submitting an online return on the conduct of the directors as required by the Company Directors Disqualification Act.
- Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.
- Reviewing books and records to identify any transactions or actions the office holders may take against a third party in order to recover funds for the benefit of creditors
- *Reviewing the circumstances surrounding "The Engineering of Sweden Filial Loan".*

#### Realisation of assets:

- Liaising with two banks regarding the closure of the Company's bank accounts
- Liaising with agents /solicitors
- Liaison with solicitors over legal matters associated with the assets in the case
- Liaison with auctioneers and valuers over reporting, realisation strategies and vendor accounts
- Identifying, securing and insuring assets
- Dealing with insurance matters in respect of specific assets
- Seeking to realise debtors (including prepayments)
- Dealing with debtor ledger matters and liaising with debtors over queries as appropriate
- Analysis of any debtor right of set off
- Ongoing query resolution in respect of disputed book debts
- Consolidation of debtor data for handover to debt collection agents (or solicitors)
- Liaison with appointed debt collection agents (or solicitors) over debtor ledger and records
- Liaising with the Purchaser (together with their legal advisors) of the assets, the Joint Administrators legal advisors over the sale of the Company's assets
- *Realisation of "The Engeneering of Sweden Filial Loan"*

#### Creditors:

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.

#### ***Fees estimate summary***

The table below provides an estimate of the total time and associated time costs anticipated for all grades of staff to manage this case to full completion of the administration.

<b><i>Work category</i></b>	<b><i>Estimated total hours</i></b>	<b><i>Estimated time cost £</i></b>	<b><i>Blended rate £</i></b>
Administration (including statutory reporting)	144.90	27,820.80	
Investigations	57.40	11,020.80	
Realisation of assets	135.90	26,092.80	
Creditors (claims and distribution)	61.70	11,846.40	
<b><i>Totals</i></b>	<b><i>399.90</i></b>	<b><i>76,780.80</i></b>	<b><i>192.00</i></b>

This estimate is based on the information currently available to the office holders. Whilst every care has been taken to ensure the accuracy of the data presented, it is based on the information presented to the office holders and the experience of the office holders in dealing with cases of a similar level of complexity. It is not anticipated at this stage that the office holders will need to seek further approval in respect of fees unless it transpires that significant additional work is required to realise the Company's remaining assets, particularly if legal action has to be taken. If circumstances are such that it becomes apparent that total time costs incurred are likely to exceed the above estimate, the office holders will provide full details in the subsequent periodic report to creditors.

**Office holders' time costs to the date of this report**

The time costs during the course of the administration for the period covered by this report (to Sunday 12 April 2020 being the last full week of our time recording system) are summarised below:

<b>Work category</b>	<b>Licensed Insolvency Practitioner hours</b>	<b>Director/ Senior Manager hours</b>	<b>Manager hours</b>	<b>Professional staff hours</b>	<b>Admin staff hours</b>	<b>Total hours</b>	<b>Time cost £</b>	<b>Average hourly rate £</b>
Administration (inc statutory reporting)	18.00	51.50	0.40	3.80	1.20	74.90	13,601.50	181.60
Creditors (claims and distribution)	9.00	19.30	-	2.40	1.00	31.70	5,795.50	182.82
Investigations	4.60	12.80	-	-	-	17.40	3,275.00	188.22
Realisation of assets	49.80	25.90	0.20	-	-	75.90	15,767.50	207.74
<b>Totals</b>	<b>81.40</b>	<b>109.50</b>	<b>0.60</b>	<b>6.20</b>	<b>2.20</b>	<b>199.90</b>	<b>38,439.50</b>	<b>192.29</b>

**Statement of creditors' rights to receive further information**

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Joint Administrators to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

**Statement of creditors' rights to challenge remuneration and/or expenses**

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

A copy of our Standard Terms of Business may be downloaded from:

[www.ewslip.co.uk](http://www.ewslip.co.uk)

Alternatively, a Creditor may obtain a printed copy by contacting this office directly.

## **Appendix 2: Estimate of expenses to be incurred in the Administration and subsequent Liquidation**

The bonding and legal fees incurred to date have been allocated to fixed charge realisations as these are currently considered to mainly relate to these fixed charge asset realisations. The closure of the Company's payroll scheme and assistance in the preparation of the Statement of Affairs together with subscriptions for the Company's accounting software has been solely allocated to floating charge expenses. At this early stage, we have assumed a split of 80% to fixed charge realisations and 20% to floating charge realisations for the remaining anticipated expenses. This is an arbitrary apportionment based on limited information currently available and the uncertainty surrounding floating charge realisations. We will review this apportionment as the case progresses and will provide updates to creditors in our future progress reports.

<b>Type of expense</b>	<b>Estimated Amount £</b>
<b><u>Fixed Charge Expenses</u></b>	
Bonding - this is insurance required by statute that every office holder has to obtain for the protection of each estate, with the premium being based on the value of the Company's assets (excluding asset realisations covered by the fixed charge)	220.00
Howes Percival LLP Solicitors – pre- and post-appointment legal advice and assistance in relation to the signed sale and purchase agreement and assignments of the Company's contracts. Includes disbursements incurred to date relating to various Court fees and costs plus mileage	9,154.90
Hilco – valuation of the Company'	5,000.00
Gazetting – various notices relating to the Company have to be placed in the London Gazette	68.68
Document Hosting	24.00
Travel expenses	61.20
<b><u>Floating Charge Expenses</u></b>	
Gazetting – various notices relating to the Company have to be placed in the London Gazette	17.17
Document Hosting	6.00
Travel expenses	15.30
Closure of payroll scheme and assistance in the preparation of the Statement of Affairs	350.00
Storage of accounting records (including monthly subscriptions to the Company's accounting records held on Xero)	324.50
Howes Percival LLP Solicitors – Legal advice and anticipated assistance in realising the Company's remaining assets. This estimate does not include the commencement of legal proceedings.	6,897.50
<b>Total estimated expenses</b>	<b>22,139.25</b>

#### **Appendix 4: Notice of Decision Procedure & Voting Form**

**COMPANY NAME: RODAN PROCESS SOLUTIONS LIMITED - IN ADMINISTRATION ("the Company")**

**COMPANY NUMBER: 11104932**

**HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES, INSOLVENCY AND COMPANIES LIST (CHD), No. CR-2020-001360**

This notice is given under Rule 15.8 of the Insolvency (England & Wales) Rules 2016 ("the Rules"). It is delivered by the Joint Administrators of the Company, Mark Grahame Tailby and Graham Stuart Wolloff of Elwell Watchorn & Saxton LLP (telephone number 01509 815150) who were appointed by the qualifying floating charge holder.

Creditors are invited to vote by correspondence on the following (for the full wording of proposed decisions, see overleaf):

1. The approval of the Joint Administrators' Statement of Proposals.
2. The establishing of a Creditors' Committee, if sufficient creditors are willing to be members of a Committee.
3. The basis of the Joint Administrators' fees.
4. The approval of the Joint Administrators' Category 2 disbursements.
5. The approval of the unpaid pre-administration costs.
6. The timing of the Joint Administrators' discharge.

Overleaf is a voting form on which creditors may signify their decisions on the above matters. All voting forms, together with a proof of debt if one has not already been submitted, must be completed and returned to the Joint Administrators by one of the methods set out below:

By post to: Elwell Watchorn & Saxton LLP  
109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN  
By email to: Please scan in a signed copy of this form and attach it as a pdf to:  
a.fish@ewslp.co.uk

Please note that, if you are sending votes by post, you must ensure that you have allowed sufficient time for the forms to be delivered to the address above by the time set out below. Unless the contrary is shown, an email is treated as delivered at 9am on the next business day after it was sent.


**All voting forms and proofs of debt must be delivered by the Decision Date: 23.59 on 14 May 2020.**

If the Joint Administrators have not received a proof of debt by the time specified above (whether submitted previously or as a result of this Notice), that creditor's vote will be disregarded. Any creditor whose debt is treated as a small debt in accordance with Rule 14.31(1) of the Rules must still deliver a proof if the creditor wishes to vote. A creditor who has opted out from receiving notices may nevertheless vote if the creditor also provides a proof by the time specified above.

Creditors who meet one or more of the statutory thresholds listed below may, within 5 business days from the date of the delivery of this Notice, require a physical meeting to be held to consider the matter.

Statutory thresholds to request a meeting:      10% in value of the creditors  
   10% in number of the creditors  
   10 creditors

A creditor may appeal a decision by application to the court in accordance with Rule 15.35 of the Rules. Any such appeal must be made not later than 21 days after the Decision Date.

  
Signed: \_\_\_\_\_

Dated: 16 April 2020

Mark Grahame Tailby  
Joint Administrator

## VOTE BY CORRESPONDENCE

### RODAN PROCESS SOLUTIONS LIMITED IN ADMINISTRATION

Name of Creditor: \_\_\_\_\_

Address: \_\_\_\_\_

#### DECISIONS:

1	That the Joint Administrators' Statement of Proposals be approved.	*For / Against
2	That a Creditors' Committee be established if sufficient creditors are willing to be members of a Committee. <sup>1</sup> Please note, a vote for the establishment of a committee will only be valid if accompanied by a completed nomination form. A Committee will then only be formed if the requisite number of valid nominations are received.	*For / Against
3	That the Joint Administrators' fees be fixed by reference to the time given by them and their staff in attending to matters arising in the Administration, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken.	*For / Against
4	That the Joint Administrators be authorised to recover all Category 2 disbursements, calculated on the bases detailed in Elwell Watchorn & Saxton LLP's summary.	*For / Against
5	That the unpaid pre-Administration costs set out in the Joint Administrators' Proposals be approved.	*For / Against
6	That the Joint Administrators be discharged from liability in respect of any action undertaken by them pursuant to Paragraph 98 of Schedule B1 of the Act, such discharge to take effect when the appointment of Joint Administrators ceases to have effect, as defined by the Act, unless the court specifies a time.	*For / Against

**\* Please delete as applicable to indicate your voting instructions**

Signed: \_\_\_\_\_

Dated: \_\_\_\_\_

Name in capitals: \_\_\_\_\_

Position with, or relationship to,  
Creditor or other authority for signature: \_\_\_\_\_

Please indicate if you are the sole member/shareholder of the Creditor (where it is a company).

**Please complete this form and return it, along with a completed proof of debt if you have not submitted one previously, so that it is delivered by 23.59 on 14 May 2020:**

By post to: Elwell Watchorn & Saxton LLP  
109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN  
By fax to: 01509 815121  
By email to: Please scan in a signed copy of this form and attach it as a pdf to:  
[a.fish@ewslp.co.uk](mailto:a.fish@ewslp.co.uk)

<sup>1</sup> Please see the Notice Inviting Creditors to Form a Committee for further instructions. Please note that, in the event that a Creditors' Committee is formed, authority to approve decisions 3, 4, 5 and 6 proposed above may be exercised by the Committee.



**PROOF OF DEBT – GENERAL FORM****RODAN PROCESS SOLUTIONS LIMITED**

<b>DETAILS OF CLAIM</b>		
1	Name of Creditor (if a company, its registered name).	
2	Address of Creditor (i.e. principal place of business).	
3	If the Creditor is a registered company: <ul style="list-style-type: none"> <li>For UK companies: its registered number.</li> <li>For other companies: the country or territory in which it is incorporated and the number, if any, under which it is registered.</li> <li>The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act.</li> </ul>	
4	Total amount of claim, including any Value Added Tax, as at the date of administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25.	
5	If the total amount above includes any outstanding uncapitalised interest, please state.	YES (£.....) / NO
6	Particulars of how and when debt incurred.	
7	Particulars of any security held, the value of the security and the date it was given.	
8	Details of any reservation of title in relation to goods to which the debt relates.	
9	Details of any document by reference to which the debt can be substantiated. (please note that the administrator/liquidator(s) may call for any document or evidence to substantiate the claim at his/their discretion).	
10	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986.	Category  Amount(s) claimed as preferential £.....
<b>AUTHENTICATION</b>		
Signature of Creditor or person authorised to act on his behalf		
Name in BLOCK LETTERS		
Date		
If signed by someone other than the Creditor, state your postal address and authority for signing on behalf of the Creditor		

**Appendix 5 - Notice of Invitation To Form A Liquidation Committee**

**COMPANY NAME: RODAN PROCESS SOLUTIONS LIMITED - IN ADMINISTRATION ("the Company")**

**COMPANY NUMBER: 11104932**

**HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES, INSOLVENCY AND COMPANIES LIST (CHD), No. CR-2020-001360**

This notice is given under Rule 3.39 of the Insolvency (England and Wales) Rules 2016 ("the Rules"). It is delivered by the Joint Administrators of the Company, Mark Grahame Tailby and Graham Stuart Wolloff of

Elwell Watchorn & Saxton LLP, 109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN (telephone number 01509 815150) who were appointed by the qualifying floating charge holder.

Creditors are invited to nominate creditors (which may include themselves) by completing the section below and returning this Notice to the Joint Administrators by one of the following methods:

By post to: Elwell Watchorn & Saxton LLP  
109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN  
By fax to: 01509 815121  
By email to: [a.fish@ewslp.co.uk](mailto:a.fish@ewslp.co.uk)

Please note that, if you are sending nominations by post, you must ensure that you have allowed sufficient time for the Notice to be delivered to the address above by the date set out below. An email is treated as delivered at 9.00 AM on the next business day after it was sent.

**All nominations must be delivered by 23.59 on 14 May 2020.**

Nominations can only be accepted if the Joint Administrators are satisfied as to the nominated creditor's eligibility under Rule 17.4 of the Rules.

For further information on the role of Creditors' Committees, go to:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/>



Signed: \_\_\_\_\_

Dated: 16 April 2020

Mark Grahame Tailby  
Joint Administrator

**NOMINATIONS FOR MEMBERS OF A CREDITORS' COMMITTEE**

**RODAN PROCESS SOLUTIONS LIMITED  
IN ADMINISTRATION**

On behalf of (name of creditor):

\_\_\_\_\_

at (address of creditor):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I nominate the following creditor(s) to be member(s) of a Creditors' Committee (provide name(s) and address(es)):

1.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I confirm that any nominee above has given their consent and would be willing to act on a Creditors' Committee.

Signed:

\_\_\_\_\_

Dated:

\_\_\_\_\_

Name in capitals:

\_\_\_\_\_

Position with, or relationship to,  
Creditor or other authority for signature:

\_\_\_\_\_

Please indicate if you are the sole member/shareholder of the Creditor (where it is a company).

**Yes / No**

**Appendix 6: Notice of use of website to deliver future documents**

**COMPANY NAME: RODAN PROCESS SOLUTIONS LIMITED - IN ADMINISTRATION ("the Company")**

**HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES,  
INSOLVENCY AND COMPANIES LIST (CHD), No. CR-2020-001360  
COMPANY NUMBER 11104932**


Notice is given by Mark Grahame Tailby and Graham Stuart Wolloff, the Joint Administrators, to the creditors of RODAN PROCESS SOLUTIONS LIMITED, that under rule 1.50 of The Insolvency (England and Wales) Rules 2016, future documentation from the date of this notice, relating to the insolvency of the above will be made available at [www.ewslp.co.uk](http://www.ewslp.co.uk)

1. Future documentation will be made available for viewing and downloading at [www.ewslp.co.uk](http://www.ewslp.co.uk) using password **rp96ag22wf**, without further notice to creditors.
2. The Administrator is not obliged to deliver any particular document to any person unless it is specifically requested.

Hard copies of all documents currently available on the website and all future documents which may be made available on the website can be requested by telephone on 01509 815150, or by email at [a.fish@ewslp.co.uk](mailto:a.fish@ewslp.co.uk) or in writing to 109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN.

3. This notice does not apply to the following circumstances:
  - i) Documents where personal delivery is required
  - ii) A notice of intention to declare a dividend
  - iii) Documents that are not being delivered generally, i.e. where they are only be sent to one or a small number of a particular class of members or creditors

Creditors requiring further information regarding the above, should either contact me at 109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN, or contact Alastair Fish by telephone on 01509 815150, or by email at [a.fish@ewslp.co.uk](mailto:a.fish@ewslp.co.uk).

  
Signed \_\_\_\_\_  
Mark Grahame Tailby, Joint Administrator

Dated 16 April 2020

I anticipate putting the following documents relating to the Company on to the website:

Document name	Timing
Outcome of approval of the proposals	Approximately 2 weeks after the proposals have been uploaded
First 6 month progress report	No later than 7 months after commencement of the Administration
Final progress report on conclusion of the Administration	Approximately 11 months after commencement of the Administration

**Appendix 7: Information to creditors on opting out**

**COMPANY NAME: RODAN PROCESS SOLUTIONS LIMITED - IN ADMINISTRATION ("the Company")**

**HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES,  
INSOLVENCY AND COMPANIES LIST (CHD), No. CR-2020-001360  
COMPANY NUMBER 11104932**

Notice is given by Mark Grahame Tailby and Graham Stuart Wolloff to the creditors of RODAN PROCESS SOLUTIONS LIMITED that creditors have the right to elect to opt out of receiving further communication about the insolvency procedure under rule 1.39 of The Insolvency (England and Wales) Rules 2016.

Any creditor may elect to become an opted-out creditor at any time, by delivering a dated notice of the request, in writing to me.

A creditor becomes an opted-out creditor when the notice is delivered to me.

Any creditor who elects to opt-out remains as such for the duration of the proceedings unless the opt out is revoked by a further notice in writing, dated and delivered to me.

A creditor ceases to be an opted-out creditor when the notice is received by me.

The opt out will not apply to the following:

- (i) a notice which the Insolvency Act 1986 requires to be delivered to all creditors without expressly excluding opted-out creditors;
- (ii) a notice of a change in the office holder or a notice of a change in my contact details, or
- (iii) a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs;

Opting-out will not affect a creditor's entitlement to receive dividends should any be paid to creditors

Opting-out will not affect creditors' rights to vote in a decision procedure or a participate in a deemed consent procedure, although any creditor who opts-out will not receive notice of it.

Any creditor who opts out will be treated as having opted out in respect of consecutive insolvency proceedings of a different kind in respect of the same company.

Creditors requiring further information regarding the above, should either contact me at 109 Swan Street, Sileby, Loughborough, Leicestershire, LE12 7NN, or contact Alastair Fish by telephone on 01509 815150, or by email at [a.fish@ewslip.co.uk](mailto:a.fish@ewslip.co.uk).



Signed

\_\_\_\_\_  
Mark Grahame Tailby, Joint Administrator

Dated 16 April 2020

**Notice to office holder to opt out of further correspondence**

Name of creditor:

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I, the above named, give notice that I elect to become an opted-out creditor and no longer wish to receive communications relating to the insolvency proceedings of RODAN PROCESS SOLUTIONS LIMITED.

Signature of creditor:

Date: