

# **JOINT ADMINISTRATORS' PROGRESS REPORT FOR THE PERIOD:**

## **7 OCTOBER 2016 TO 6 APRIL 2017**

---

CLIMATE ENERGY SOLUTIONS LIMITED (COMPANY NUMBER: 06844422)  
("SOLUTIONS" OR "THE COMPANY")

2 MAY 2017

## Table of Contents

1.	INTRODUCTION .....	3
2.	SUMMARY OF ESTIMATED CREDITOR RETURNS .....	4
3.	CONDUCT OF THE ADMINISTRATIONS .....	5
4.	ESTIMATED OUTCOMES .....	6
5.	NEXT REPORT AND FURTHER QUESTIONS .....	6
	APPENDIX A – STATUTORY INFORMATION .....	7
	APPENDIX B – ADMINISTRATORS’ RECEIPTS AND PAYMENTS ACCOUNT .....	8
	APPENDIX C – ADMINISTRATORS’ TIME COSTS AND EXPENSES .....	9
	APPENDIX D – TIME COST ANALYSIS .....	11
	APPENDIX E – ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS’ FEES PURSUANT TO SIP9 .....	12
	APPENDIX F – CREDITORS’ STATEMENT OF CLAIM FORM .....	14

## Glossary

<b>THE ACT</b>	INSOLVENCY ACT 1986 (AS AMENDED)	<b>HSBC / THE BANK / THE SECURED CREDITOR</b>	HSBC BANK PLC
<b>ADMINISTRATORS</b>	CHAD GRIFFIN AND SIMON KIRKHOPE	<b>JPA</b>	JP ASSOCIATES
<b>CEL</b>	CLIMATE ENERGY LIMITED	<b>NFP</b>	CLIMATE ENERGY (NFP) LIMITED
<b>CEN</b>	CEN (HOLDINGS) LIMITED	<b>THE RULES</b>	INSOLVENCY (ENGLAND AND WALES) RULES 2016 (FORMERLY INSOLVENCY RULES 1986 (AS AMENDED))
<b>CONSULTING</b>	CLIMATE CONSULTING LIMITED	<b>SERVICES</b>	CLIMATE ENERGY SERVICES LIMITED
<b>GROUP / COMPANIES</b>	CEL, CEN, CONSULTING, NFP, SERVICES, SOLUTIONS	<b>SIP</b>	STATEMENT OF INSOLVENCY PRACTICE
<b>HMRC</b>	HM REVENUE AND CUSTOMS	<b>SOLUTIONS / THE COMPANY</b>	CLIMATE ENERGY SOLUTIONS LIMITED

# 1. Introduction

- 1.1. Chad Griffin and Simon Kirkhope ("the Administrators") were appointed as Joint Administrators of Solutions on 7 October 2015.
- 1.2. Full details of the statutory information relating to our appointment are set out in Appendix A.
- 1.3. This report together with appendices contains information in relation to the activities undertaken, receipts and payments into the insolvency estate (Appendix B) and the Administrators' time costs in accordance with Statement of Insolvency Practice 9 ("SIP9") (Appendix D) for the six month period to 6 April 2017, and from the date of the Administrators' appointment.
- 1.4. Further details of the Company and the Group can be found in the Administrators' proposals dated 30 November 2015 ("Proposals"), the Administrators' six month progress report dated 6 May 2016 ("First Progress Report"), the Administrators' interim progress report dated 8 September 2016 ("Second Progress Report"), or the Administrators' six month progress report dated 2 November 2016 ("Third Progress Report").
- 1.5. This report is a six monthly progress report, which is a statutory requirement pursuant to Rule 18.6 (formerly Rule 2.47) of The Rules.
- 1.6. As Administrators, we are bound by the Insolvency Code of Ethics. Prior to our appointment we considered potential ethical threats in undertaking the administration in accordance with the Code. We did not consider that there were any matters that would prevent us taking the appointment. If any creditor of the Company would like further information on this, they should contact the Administrators' office on the details set out at the end of this report.
- 1.7. Further information on insolvency processes in general including a step by step guide can be found at the following website:  
<http://www.creditorinsolvencyguide.co.uk/>
- 1.8. The estimated return to creditors is set out in Section 2 of this report.
- 1.9. Since our last report, the Insolvency Rules 2016 were made effective on 6 April 2017. The new Rules replace the Insolvency Rules 1986 (as amended). Where appropriate, we have included references to the new Rules together with the former references.

## Extension of Administration

- 1.10. Pursuant to Rule 3.54 (formerly Rule 2.112) of The Rules, the Administrators issued their Second Progress Report on 8 September 2016 in order to provide creditors with a progress update and to convene a meeting of the Company's creditors to be held by correspondence on 23 September 2016.
- 1.11. The creditors of the Company resolved at the meeting that the administration of the Company would be extended for a further period of 12 months, to 6 October 2017.
- 1.12. The rationale of extending the administration period for the Company was to enable the partial realisation of the Company's intercompany loan receivable from Services, for which the Company will rank as an unsecured creditor in the administration of Services for the balance of £180k.
- 1.13. The estimated recoveries from the intercompany loan receivable are unlikely to be sufficient to enable a distribution to creditors (discussed in Section 2 and Section 3).

## Administrators' remuneration

- 1.14. At the initial meeting of creditors, the Administrators' remuneration was fixed by reference to the time properly spent by the Administrators and their staff. Details of the rules in relation to Administrators' remuneration, together with details of the Administrators' time costs to date, are set out in Appendix C and D.
- 1.15. The Administrators have incurred time costs of £42,016 (excluding VAT) since the date of appointment in properly dealing with the administration of the Company. No fees have been drawn to date.
- 1.16. The Administrators have exceeded the original fee estimate of £20k, which was approved at the initial meeting of creditors on 16 December 2015, as a result of requesting and obtaining consent for the extension to the administration period and performing ongoing compliance tasks. The Administrators are not seeking approval for the increased fee estimate at this stage given there may not be sufficient funds in the administration to meet these amounts.

1.17. A creditors' guide to administrators' fees setting out creditors' rights to further information and how fees are approved can be found here:

[https://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_fees\\_April\\_2017.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf)

1.18. If creditors wish to be supplied with a hard copy of this guidance they should contact the Administrators on the details set out at the end of this report.

1.19. Additional information in relation to the Administrators' staffing policies can be found in Appendix E.

### Creditors' Right to Challenge Remuneration and/or Expenses

1.20. Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or with leave of the Court, may apply to the Court for one or more orders (in accordance with Rules 18.36 or 18.37 of the Rules), challenging the amount or the basis of the remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 (formerly Rule 2.109) of the Rules.

### Creditors' Right to Request Information

1.21. Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators of the Company to provide additional information regarding remuneration or expenses to that already supplied with this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 (formerly Rule 2.48A) of the Rules.

### Other Group entities

1.22. As disclosed in our previous reports to creditors, Chad Griffin and Simon Kirkhope were also appointed as Administrators of NFP and Services on 7 October 2015; CEL on 9 October 2015; CEN on 19 October 2015; and Consulting on 6 November 2015.

1.23. This report only covers the affairs of Solutions.

1.24. The administrations of CEL, Consulting, and NFP were converted to liquidations on 29 September 2016, and on 30 September 2016 for Services.

1.25. The Administrators of CEN issued a final progress report on 29 September 2016 and made an application for the dissolution of CEN. CEN has now been dissolved.

## 2. Summary of estimated creditor returns

### Estimated dividend for creditors

#### Estimated dividend for creditors

	Secured creditors <sup>1</sup>	Preferential creditors	Unsecured creditors	Shareholders
<b>Solutions</b>				
Estimated debt (£)	Nil	£3k	£4,787k	£100
Estimated return (p/£) <sup>2</sup>	Nil	Nil	Nil	Nil

Notes:

1. HSBC had a fixed and floating charge over the assets of all entities within the Group, excluding CEN, which has been satisfied in full from fixed charge realisations in CEL.

2. Based on current information and dependent upon realisations from intercompany balances.

- 2.1. The estimated returns to creditors above assume a pro-rated return to creditors of the same class in accordance with UK insolvency law. Unsecured creditors rank behind both secured and preferential creditors, whilst shareholders rank behind all classes of creditor.
- 2.2. Full details of the returns to each class of creditor are set out in Section 4 of this report.

## **3. Conduct of the Administrations**

### **Administration purpose/strategy**

- 3.1. The purpose of an administration must be to achieve one of the following statutory objectives:
  - a. Rescuing the company as a going concern;
  - b. Achieving 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. Realising property in order to make a distribution to one or more secured or preferential creditors.
- 3.2. An administration was seen as preferable over winding up the Company, to preserve the trading operations that existed at the time of the appointment and to retain the optionality of achieving a sale of the business.
- 3.3. Having evaluated all options available shortly after appointment we decided that the best way to maximise returns to creditors of the Company was to cease trading immediately on appointment and look to liquidate the assets of the Company. Trading-on in administration would not have been cash generative, and a going concern sale was not considered to be likely.
- 3.4. Consequently, the purpose of the administration was statutory objective b.

### **Receipts and payments during the period**

- 3.5. Full receipts and payments account for the Company are provided at Appendix B.
- 3.6. Details of the main assets and transactions during the period are summarised below.

### **Intercompany receivables**

- 3.7. The Company's only remaining asset is its intercompany receivable of £180k owed from Services. It is estimated that a distribution of c. £3k will be paid from the Services' liquidation to the Company.
- 3.8. This asset cannot be realised until such time that the creditor claims adjudication process has been finalised for each of the entities in the Group and the corresponding unsecured distributions declared.
- 3.9. This process is ongoing and is expected to take c.6 months owing to the likely time frames for key creditors to submit their claims. Delays have been encountered in this process as we have not received all of the material claims in CEL, being the main trading entity within the Group.

### **Chattel assets**

- 3.10. Our Agents were instructed to remove vehicles and chattel assets owned by the Company from the Group's properties (where cost effective to do so) and to pursue sales of these assets. £250 was recovered since our last progress report for tools. All chattel assets have now been realised, with realisations totalling £9k.
- 3.11. All known third party lease providers have collected their assets.

### **Taxation**

- 3.12. We have notified HM Revenue and Customs (HMRC) of our appointment and have submitted the Company's pre-appointment corporation tax returns and note it is unlikely that there will be any pre-appointment corporation tax recoveries.
- 3.13. The relevant corporation tax and VAT returns for the administration period have been submitted. A request was made for the corporation tax return lodged to be treated as a final return given no further taxable income is anticipated. VAT returns will continue to be submitted for the Company.

## Statutory investigations

- 3.14. We have undertaken investigation work in accordance with SIP2 including a review of the books and records of the Company in order to understand the realisable assets of the Company and comparing these to the values in the directors' statement of affairs.
- 3.15. The data gathered from our initial investigations assisted with our statutory duties, pursuant to the Company Directors Disqualification Act 1986, to review the conduct of all directors who served in respect of the Company in the 3 year period prior to the date of the Administration. We have concluded our review and have submitted final returns to the Department for Business, Innovation and Skills. The content of our report in relation to this is confidential.
- 3.16. Should any creditors have any further relevant information in relation to directors' conduct, they should provide details in writing to the Administrators.

## 4. Estimated outcomes

### Secured creditors

- 4.1. The Secured Creditor held debenture security over the assets of Solutions dated 27 October 2009. This charge was satisfied in full from the realisations of the CEL administration estate.

### Preferential creditors

- 4.2. Under the Act the only classes of preferential creditor are employees in respect of certain claims in relation to arrears of wages, holiday pay and pension contributions. All employees were paid arrears of wages prior to the date of the administration although certain amounts categorised as wages were owing (e.g. commissions).
- 4.3. Any distribution to preferential creditors is predicated on the recovery of Solutions' intercompany receivable. This process is ongoing and will not be completed for another c.6 months, however based on current estimates, it is unlikely that a distribution will be payable to preferential creditors.

### Unsecured creditors

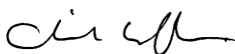
- 4.4. Unsecured creditors rank behind both secured and preferential creditors.
- 4.5. The Administrators consider it unlikely there will be a distribution payable to the unsecured creditors, albeit this is dependent upon the quantum of creditor claims admitted to rank against the other entities in the Group.
- 4.6. Creditors wishing to submit a claim (who have not already done so) should use the creditors' statement of claim form provided at Appendix F, with any claims made being supported by copy invoices or other relevant documentation sufficient to allow your claim to be adjudicated.

## 5. Next report and further questions

- 5.1. Our next report will be sent in late October or early November 2017 unless the Administration is closed prior to this date.

Should you have any queries in the meantime please contact a member of the Administrators' team on [climateenergy@fticonsulting.com](mailto:climateenergy@fticonsulting.com) or 020 3727 1019.

For and on behalf of the Company



Chad Griffin  
Joint Administrator

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

Chad Griffin and Simon Kirkhope are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under section 390(2)(a) of the Insolvency Act 1986.

## Appendix A – Statutory information

### Company and Appointment Information

<b>Trading names</b>	Climate Energy Solutions Limited
<b>Registered number</b>	06844422
<b>Registered office</b>	C/O FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD
<b>Director(s)</b>	Mr Mizanal Choudhury Mr Andrew Holmes
<b>Company secretary</b>	N/A
<b>Shareholdings</b>	Climate Energy Holdings Limited (100%)
<b>Court reference</b>	6596/2015
<b>Court</b>	High Court of Justice, Chancery Division, Companies Court
<b>Appointment date</b>	7 October 2015
<b>Appointer</b>	Company Directors

### Administrators' Information

	Administrator 1	Administrator 2
<b>Name</b>	Chad Griffin	Simon Kirkhope
<b>Address</b>	200 Aldersgate Street, London EC1A 4HD	200 Aldersgate Street, London EC1A 4HD
<b>Authorising body</b>	The Institute of Chartered Accountants in England and Wales	The Institute of Chartered Accountants in England and Wales

The appointments of the Administrators were made by the directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Act. We have also received written consent to the appointments from the holder of a qualifying floating charge over the assets of the Company along with the necessary consents necessary under the Consumer Credit Act. The validity of the appointments was confirmed by our former legal advisors, King & Wood Mallesons LLP.

Pursuant to Paragraph 100 of Schedule B1 of the Act, any function of the Administrators may be exercised by any or all of the Administrators named above.

The center of main interest of the Company is the United Kingdom. Therefore, the EC Regulations on Insolvency Proceedings 2000 apply to the Administrations. The proceedings are main proceedings as defined by Article 3 of those regulations.

## Appendix B – Administrators' receipts and payments account

Climate Energy Solutions Limited - Administrators' Receipts and Payments for the period 7 October 2015 to 6 April 2017					
	Statement of affairs	From 7/10/2015	From 7/04/2016	From 7/10/2016	Total
£		To 6/04/2016	To 6/10/2016	To 6/04/2017	
<b>Floating charge receipts</b>					
Plant and Machinery	1,000	-	6,085	-	6,085
Furniture and Fixtures	1,000	-	-	250	250
Motor Vehicles	4,000	-	2,880	-	2,880
Computer Equipment/Software	250	-	-	-	-
Stock	47,000	-	-	-	-
Debtors Control Account	43,891	288	-	-	288
Pre Payments	20,000	3,329	540	-	3,869
Bank Account	295,132	2,206	-	-	2,206
Petty Cash	132	-	-	-	-
Bank Interest Net of Tax	-	0	5	-	6
<b>Total</b>	<b>412,405</b>	<b>5,824</b>	<b>9,510</b>	<b>250</b>	<b>15,584</b>
<b>Floating charge payments</b>					
Agents Fees and Expenses		58	11,655	250	11,963
Statutory Advertising		96	79	14	189
Postage and Stationery		-	-	54	54
Bank Charges		-	15	-	15
VAT Receivable		30	2,335	58	2,423
<b>Total</b>		<b>183</b>	<b>14,085</b>	<b>376</b>	<b>14,644</b>
<b>Surplus / (Deficit) *</b>		<b>5,640</b>	<b>(4,575)</b>	<b>(126)</b>	<b>940</b>

\*Surplus funds are held in a non-interest bearing account

Note: As detailed in the Joint Administrators' Report and Statement of Proposals dated 30 November 2015, the Administrators have the following comments in respect of the directors' statement of affairs.

- The directors estimated £27k of stock realisations. Our asset valuers advised that the majority of this stock is obsolete with little realisable value, net of removal costs.
- The directors estimated £44k of trade debtor realisations. We do not believe this is achievable given the significant quantum of disputed debts.
- The directors estimated cash at bank realisations at £295k based on Solutions' trial balance. As at the date of our appointment, £2k was held in the Solutions' bank account. This difference was due to the Company's accounting records not being kept up to date in the weeks prior to administration.

## Appendix C – Administrators' time costs and expenses

### Pre-Administration fees

Information in relation to FTI's involvement with the Company prior to the date of Administration is detailed below, pursuant to Rule 3.36 (formerly Rule 2.33 (2B)) of the Rules.

By a letter of engagement dated 28 September 2015, FTI were engaged by the Companies to review the latest short term cash flow forecast, assist in engaging with key stakeholders, act as a sounding board for the Board in relation to their fiduciary duties and support in the assessment and implementation of strategic options.

Our fees incurred in relation to these advisory services amounted to £30,000 (excluding VAT). This was billed, and paid by the Companies prior to the date of our appointment as Administrators.

The work performed prior to our appointment enabled the administration of the Company to proceed as efficiently as practically possible.

All pre-appointment costs referred to above were paid prior to our appointment and a request to draw these fees as an expense of the administration will therefore not be made. We are not aware of any other costs or expenses incurred in relation to the Company by another party qualified to act as an insolvency practitioner in the period prior to our appointment as Administrators, in respect of work with a view to placing the Company into Administration.

### Administrators' fee basis

Pursuant to Rule 18.16 (formerly Rule 2.106) of the Rules the remuneration of the Administrators can be fixed on the basis of one of the following:

- a. as a percentage of the value of property with which he has to deal;
- b. by reference to time properly given by the Administrator and his staff attending to matters arising in the administration; or
- c. a set amount.

As approved by the creditors of the Company by a meeting by correspondence dated 16 December 2016, the Administrators will be remunerated in accordance with basis b. of the above.

A copy of the 'Creditors' Guide to Administrators' Fees' is available at:

[https://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_fees\\_April\\_2017.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf)

Creditors can alternatively request a copy from us and we will provide a paper copy by post.

### Administrators' fee estimate

A breakdown of our revised fee estimate is provided below.

Climate Energy Solutions Limited	Original Administrators' Fee Estimate		Time Costs Incurred to Date		Additional Time Costs to be Incurred		Total Revised Fee Estimate	
	Hr	£	Hr	£	Hr	£	Hr	£
Administration and Planning	30	6,600	55	14,092	6	1,610	60	15,702
Investigations	-	64	1	194	-	-	1	194
Realisation of assets	30	6,478	13	3,866	1	290	14	4,156
Trading / Wind down	-	-	-	-	-	-	-	-
Creditors	10	1,600	16	5,395	2	580	18	5,975
Tax	4	1,758	9	2,625	2	680	11	3,305
Reporting	10	3,500	42	15,846	6	1,840	48	17,686
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>84</b>	<b>20,000</b>	<b>135</b>	<b>42,016</b>	<b>17</b>	<b>5,000</b>	<b>152</b>	<b>47,016</b>
Expenses		1,000		316		684		1,000

Our original fee estimate for the insolvency was £20k, which has been exceeded as a result of requesting and obtaining consent for the extension to the administration period and performing ongoing compliance tasks.

The fee estimate has been revised upwards to account for the additional time incurred to date and the anticipated time to be incurred. The ongoing tasks in the administration include:

## Joint Administrators' Progress Report

- Realising the Company's intercompany balance from Services;
- Assessing the likelihood of dividends to creditors;
- Complying with ongoing tax and statutory requirements.

It is not anticipated that the ongoing work to be carried out will create any additional financial benefit for creditors.

It is important to note that the quantum of remuneration drawn will be limited by the realisations from the Company's assets and as such fees will only be drawn if there are sufficient funds in the Administration (and subject to creditor approval). Any time costs in excess of the realisations in the Administration will be written off. Accordingly, we are not seeking approval for the revised fee estimate at this stage given there may not be sufficient funds to meet these amounts.

## Post-appointment time costs and expenses

An analysis of the Administrators' time in accordance with the provisions of SIP9, which provides details of the activity costs incurred by staff grade to date is enclosed overleaf.

Since our last progress report, the main areas of our work have been as follows:

- Cashiering and bank reconciliations;
- Corresponding with key stakeholders and communications with unsecured creditors;
- Maintaining up to date creditor information;
- Preparing and filing tax returns and associated communications;
- Realising the Company's remaining chattel assets;
- Communication with employees and management of employee claims;
- Complying with statutory formalities including relevant filings and statutory communications; and
- Maintaining the Administration records for the Company and undertaking periodic reviews.

The Administrators have incurred time costs during the administration of £42,016 (excluding VAT) in properly dealing with the administration together with £316 (excluding VAT) of Category 1 disbursements. No time costs nor disbursements have been drawn to date.

Category 1 expenses are not subject to creditor approval. Approval to draw Category 2 disbursements was given at initial meeting of creditors held by correspondence on 16 December 2015 and relate to costs which are apportioned overheads such as mileage and data storage. Further details in relation to this can be found at Appendix E together with additional information in relation to our policy on staffing, the use of subcontractors, and details of our current charge out rates by staff grade.

# Appendix D – Time cost analysis

## Climate Energy Solutions Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 7 October 2016 to 6 April 2017

Task	Senior Managing Director	Managing Director	Sr Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
<b>Administration and Planning</b>								
Strategy and planning	-	-	-	-	0.7	0.7	129.5	185.0
Receipts and payments accounts	-	-	-	0.8	0.4	1.2	390.0	325.0
Checklist / Reviews / Filing	-	-	-	3.5	0.7	4.2	1,512.0	360.0
Cashiering and reconciliations	-	-	-	0.2	4.2	4.4	836.0	190.0
Bonding and IPS maintenance	-	-	-	0.2	-	0.2	79.0	395.0
<b>Subtotal</b>	-	-	-	<b>4.7</b>	<b>6.0</b>	<b>10.7</b>	<b>2,946.5</b>	
<b>Creditors (correspondence and claims)</b>								
Unsecured creditors	-	-	-	0.7	1.6	2.3	502.5	218.5
Employees	-	-	-	0.2	-	0.2	79.0	395.0
<b>Subtotal</b>	-	-	-	<b>0.9</b>	<b>1.6</b>	<b>2.5</b>	<b>581.5</b>	
<b>Tax</b>								
Post appointment CT	-	1.0	-	-	0.5	1.5	587.5	391.7
Post appointment VAT	-	-	-	-	2.2	2.2	407.0	185.0
<b>Subtotal</b>	-	<b>1.0</b>	-	-	<b>2.7</b>	<b>3.7</b>	<b>994.5</b>	
<b>Reporting</b>								
Other statutory reports/meetings	-	-	-	9.0	-	9.0	3,055.0	339.4
<b>Subtotal</b>	-	-	-	<b>9.0</b>	-	<b>9.0</b>	<b>3,055.0</b>	
<b>Total Time by Grade</b>	-	<b>1.0</b>	-	<b>14.6</b>	<b>10.3</b>	<b>25.9</b>		
<b>Total Cost by Grade</b>	-	<b>495.0</b>	-	<b>5,177.0</b>	<b>1,905.5</b>	<b>7,577.5</b>		
<b>Average by Grade</b>	-	-	-	<b>354.6</b>	<b>185.0</b>	<b>292.6</b>		
	<b>Time Costs</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Total</b>				
<b>Total Costs to Date</b>	<b>7,577.5</b>	<b>27.3</b>	-	<b>7,604.8</b>				
<b>Amount Billed</b>	-	-	-	-				
<b>WIP</b>	<b>7,577.5</b>	<b>27.3</b>	-	<b>7,604.8</b>				

## Climate Energy Solutions Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 7 October 2015 to 6 April 2017

Task	Senior Managing Director	Managing Director	Sr Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
<b>Administration and Planning</b>								
Strategy and planning	-	0.6	-	-	0.7	1.3	411.5	316.5
Initial actions	-	-	-	0.3	14.6	14.9	2,412.5	161.9
Appointment and related formalities	-	-	-	1.2	-	1.2	306.0	255.0
Receipts and payments accounts	-	-	-	0.8	1.9	2.7	667.5	247.2
Checklist / Reviews / Filing	-	-	-	14.9	3.0	17.9	5,852.0	326.9
Cashiering and reconciliations	-	-	-	1.6	6.7	8.3	1,648.0	198.6
Bonding and IPS maintenance	-	-	-	3.5	-	3.5	1,006.0	287.4
Case management	-	-	2.0	2.5	0.3	4.8	1,788.0	372.5
<b>Subtotal</b>	-	<b>0.6</b>	<b>2.0</b>	<b>24.8</b>	<b>27.2</b>	<b>54.6</b>	<b>14,091.5</b>	
<b>Investigations</b>								
Statement of affairs	-	-	-	-	0.4	0.4	64.0	160.0
Reports of Directors' conduct	-	-	-	-	0.7	0.7	129.5	185.0
<b>Subtotal</b>	-	-	-	-	<b>1.1</b>	<b>1.1</b>	<b>193.5</b>	
<b>Realisation of assets</b>								
Book debts	-	-	-	4.2	-	4.2	1,470.0	350.0
Stock and WIP	-	-	-	2.2	-	2.2	770.0	350.0
Property, plant and vehicles	-	-	-	-	2.7	2.7	432.0	160.0
Other assets, incl. licences	-	-	-	3.0	-	3.0	1,050.0	350.0
Health & Safety / Insurance / Regulatory	-	-	-	-	0.9	0.9	144.0	160.0
<b>Subtotal</b>	-	-	-	<b>9.4</b>	<b>3.6</b>	<b>13.0</b>	<b>3,866.0</b>	
<b>Creditors (correspondence and claims)</b>								
Unsecured creditors	-	-	4.0	9.5	2.2	15.7	5,267.5	335.5
Employees	-	-	-	0.2	0.3	0.5	127.0	254.0
<b>Subtotal</b>	-	-	<b>4.0</b>	<b>9.7</b>	<b>2.5</b>	<b>16.2</b>	<b>5,394.5</b>	
<b>Tax</b>								
Pre-appointment CT	-	2.5	-	-	2.0	4.5	1,432.5	318.3
Post appointment CT	-	1.0	-	-	0.5	1.5	587.5	391.7
Post appointment VAT	-	-	0.5	-	2.2	2.7	604.5	223.9
<b>Subtotal</b>	-	<b>3.5</b>	<b>0.5</b>	-	<b>4.7</b>	<b>8.7</b>	<b>2,624.5</b>	
<b>Reporting</b>								
Proposals	0.8	1.9	-	4.0	-	6.7	2,601.5	388.3
Other statutory reports/meetings	-	-	20.0	15.1	-	35.1	13,244.5	377.3
<b>Subtotal</b>	<b>0.8</b>	<b>1.9</b>	<b>20.0</b>	<b>19.1</b>	-	<b>41.8</b>	<b>15,846.0</b>	
<b>Other</b>								
<b>Total Time by Grade</b>	<b>0.8</b>	<b>6.0</b>	<b>26.5</b>	<b>63.0</b>	<b>39.1</b>	<b>135.4</b>		
<b>Total Cost by Grade</b>	<b>356.0</b>	<b>2,735.0</b>	<b>10,467.5</b>	<b>21,754.0</b>	<b>6,703.5</b>	<b>42,016.0</b>		
<b>Average by Grade</b>	<b>445.0</b>	<b>455.8</b>	-	<b>345.3</b>	<b>171.4</b>	<b>310.3</b>		
	<b>Time Costs</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Total</b>				
<b>Total Costs to Date</b>	<b>42,016.0</b>	<b>316.4</b>	-	<b>42,332.4</b>				
<b>Amount Billed</b>	-	-	-	-				
<b>WIP</b>	<b>42,016.0</b>	<b>316.4</b>	-	<b>42,332.4</b>				

## Appendix E – Additional Information in relation to Administrators' fees pursuant to SIP9

Detailed below is FTI's policy in relation to:

- staff allocation and the use of sub contractors;
- professional advisors; and
- disbursements.

### Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will draw from a Senior Managing Director, Managing Director, Director, Senior Consultant and Consultant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

All time incurred by the Administrators and their staff is recorded in six minute increments.

### Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis, and the fees (excluding VAT) paid to each advisor to date.

Name of professional advisor	Basis of fee arrangement	Fees paid to date (£)
Wyles Hardy (asset valuers and agents) <sup>1</sup>	Hourly rate and disbursements	11,655
JP Associates (book debt collectors)	20% of recoveries	58
King & Wood Mallesons (Legal Advisors) <sup>2</sup>	Hourly rate and disbursements	Nil
ERA Solutions (Employee claims specialists)	Agreed fixed fee	250

<sup>1</sup> The fees paid to Wyles Hardy exceeded the asset realisations from chattels and other plant and equipment items and represent a discount to the fees incurred by them. Upon appointment, it was identified that the Company's assets (including leased assets) were located on various Group premises. The realisable value was uncertain and a fee basis of hourly rates plus disbursements was agreed given that the amount of work involved in recovering Company assets and identifying, reconciling and returning leased equipment.

<sup>2</sup> King & Wood Mallesons have provided legal advice to the Administrators during the administrations of the Companies however we do not expect any legal fees to be billed in this entity.

Our choice was based on our view of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

We have utilised the services of other teams within FTI Consulting LLP to assist with the administration processes. The fees of our tax, technology and strategic communications teams have been included in our SIP9 analysis provided to creditors of the Company and allocated to the work streams and entities to which their work related, for approval by those parties approving our fees.

We consider that the rates chargeable for these services are in line with general market practice and that the service is comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the administration work streams has been possible.

## Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors which was given at the initial meeting of creditors held by correspondence on 16 December 2015. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder.

On this assignment we may incur category 2 disbursements in the following classes. We have also indicated alongside, the basis of calculation of these costs.

Type of expense	Basis of incurring cost
Internal Postage and fulfilment	Costs incurred based on numbers of letters printed
Mileage	40 pence per mile
IT equipment ordered internally	Cost price
Subsistence for meetings	Charge based on number of attendees per meeting
Data Management (10 units)	£25 per unit per month

No category 2 disbursements have been incurred in the period.

## Charge-out rates

A schedule of the FTI charge-out rates, as agreed with the Secured Creditor for this assignment is as follows. We note that this represents a discount against FTI's standard charge-out rates.

Grade	2015 £ (Per hour)	2016 £ (Per hour) <sup>1</sup>	2017 £ (Per hour)
Senior Managing Director	445	495	495
Managing Director	445	495	495
Senior Director	350	395	395
Director	350	395	395
Senior Consultant	350	395	395
Consultant	255	295	295
Analyst	160	185	185

<sup>1</sup> The 2016 rates are applicable from 10 March 2016.

## Appendix F – Creditors' statement of claim form

Climate Energy Solutions Limited (date of administration – 7 October 2015)



Name and address of creditor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Amount claimed in the Administration:  
(Including VAT) £ \_\_\_\_\_

Signature of creditor: \_\_\_\_\_

Name of creditor: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-mail: \_\_\_\_\_

Date: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

**Please provide appropriate documentation in support of your claim.**

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994.

**Please return this form when you have completed it to Stelios Joannides at FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD or email it to [climateenergy@fticonsulting.com](mailto:climateenergy@fticonsulting.com)**

---

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Claims lodged in the Administration should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HMRC for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.



EXPERTS WITH IMPACT

#### About FTI Consulting

FTI Consulting, LLP. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

[www.fticonsulting.com](http://www.fticonsulting.com)