

# AM03

## Notice of administrator's proposals



Companies House

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|----------------------|----------------------------------|--|
| <b>1</b>             | <b>Company details</b>           |  |
| Company number       | 0 3 6 4 8 7 2 0                  | → Filing in this form<br>Please complete in typescript or in<br>bold black capitals. |
| Company name in full | KSR Electronic Systems Limited   |  |
| <b>2</b>             | <b>Administrator's name</b>      |  |
| Full forename(s)     | Lucy                             |  |
| Surname              | Winterborne                      |  |
| <b>3</b>             | <b>Administrator's address</b>   |  |
| Building name/number | Ernst & Young LLP                |  |
| Street               | The Paragon                      |  |
|                      | Counterslip, Avon                |  |
| Post town            | Bristol                          |  |
| County/Region        | United Kingdom                   |  |
| Postcode             | B S 1 6 B X                      |  |
| Country              | United Kingdom                   |  |
| <b>4</b>             | <b>Administrator's name ①</b>    |  |
| Full forename(s)     | Daniel Christopher               | ① Other administrator<br>Use this section to tell us about<br>another administrator. |
| Surname              | Hurd                             |  |
| <b>5</b>             | <b>Administrator's address ②</b> |  |
| Building name/number | Ernst & Young LLP                | ② Other administrator<br>Use this section to tell us about<br>another administrator. |
| Street               | One Colmore Square               |  |
|                      |                                  |  |
| Post town            | Birmingham                       |  |
| County/Region        |                                  |  |
| Postcode             | B 4 6 H Q                        |  |
| Country              |                                  |  |

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

x



x

Signature date

1

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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 **Oliver Charlesworth**

Company name **Ernst & Young LLP**

Address **The Paragon**

**Counterslip**

**Avon**

Post town **Bristol**

County/Region

Postcode **B S 1 6 B X**

Country **United Kingdom**

DX **✓**

Telephone **0161 234 0510**



### Checklist

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**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.



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



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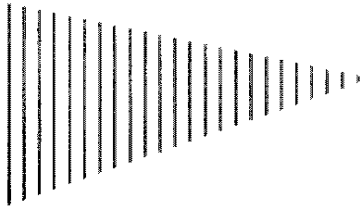
**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

**KSR Electronic Systems Limited**  
**In Administration ("the Company")**

Administrators' Statement of Proposals  
Pursuant to paragraph 49 of schedule B1 to the Insolvency Act  
1986

Date of delivery of proposals to creditors: 20 March 2020

msf & Young LLP



## Abbreviations

### Abbreviations

The following abbreviations are used in this report:

|                      |   |
|----------------------|---|
| CDDA                 | Company Directors Disqualification Act 1986           |
| the Company          | KSR Electronic Systems Limited                        |
| date of appointment  | 27 January 2020                                       |
| EY                   | Ernst & Young LLP                                     |
| FY16/17/18/20        | Financial year ending 31 December 2016/2017/2018/2020 |
| the Group            | KSR Industrial Corporation and its subsidiaries       |
| HMRC                 | HM Revenue and Customs                                |
| Joint Administrators | Lucy Winterborne and Daniel Christopher Hurd          |
| the Parent           | KSR Industrial Corporation                            |
| RoT                  | Retention of Title                                    |
| the Rules            | the Insolvency (England and Wales) Rules 2016         |

## Contents

|   |    |
|---|----|
| 1. Introduction, background and circumstances giving rise to the appointment .....                                      | 2  |
| 2. Purpose, conduct and end of the Administration.....  | 5  |
| 3. Statement of Affairs.....  | 9  |
| 4. Administrators' receipts and payments .....  | 11 |
| 5. Administrators' remuneration, expenses, disbursements and payments to other professionals.....                       | 12 |
| Appendix A Statutory information .....  | 15 |
| Appendix B Estimated statement of financial position.....   | 17 |
| Appendix C Joint Administrators' receipts and payments account for the period from 27 January 2020 to 6 March 2020..... | 18 |
| Appendix D Statement of pre-administration costs .....  | 19 |
| Appendix E List of Company Creditors.....   | 20 |

## 1. Introduction, background and circumstances giving rise to the appointment

### 1.1 Introduction

On 27 January 2020 the Company entered Administration and Lucy Winterborne and Daniel Christopher Hurd were appointed to act as Joint Administrators. The appointment was made by the Company's directors under the provisions of paragraph 22 of Schedule B1 to the Insolvency Act 1986. This document, including its appendices, constitutes the Joint Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016.

Certain statutory information relating to the Company and the appointment of the Joint Administrators is provided at Appendix A.

### 1.2 Background

The Company was incorporated on 7<sup>th</sup> October 1998 and manufactures customised electronic modules and systems (mainly for power steering) for the automotive sector.

The Company was indirectly acquired in July 2014 by KSR Industrial Corporation ("the Parent"), which is part of a global automotive group of companies ("the Group") headquartered in Canada. To our knowledge, no other company in the Group has entered formal insolvency proceedings.

The Company trades from leased premises near Swansea, South Wales.

### 1.3 Financial information

We have summarised below the Company's historical and forecast financial performance:

| £000s                      | FY16A    | FY17A    | FY18A    | YTD19A<br>(11mths) | FY20F    |
|----------------------------|----------|----------|----------|--------------------|----------|
| <b>Revenue</b>             | 14,327   | 19,133   | 23,218   | 19,773             | 10,906   |
| <b>Cost of Sales</b>       | (11,910) | (17,662) | (22,581) | (19,949)           | (12,392) |
| <b>Gross profit/(loss)</b> | 2,417    | 1,471    | 637      | (176)              | (1,486)  |
| <b>Gross profit %</b>      | 16.9%    | 7.7%     | 2.7%     | (0.9%)             | (13.6%)  |
| <b>Overheads</b>           | (3,949)  | (3,935)  | (6,911)  | (2,146)            | (1,497)  |
| <b>Net (loss)</b>          | (1,532)  | (2,464)  | (6,274)  | (2,322)            | (2,983)  |

Source: Statutory and management accounts

As shown in the table above, the Company was loss-making in the three financial years to 31 December 2018, with an aggregate net loss of c.£10.3m despite revenue growth of £8.9m (from £14.3m to £23.2m) across the same period.

During this period, we understand that a new contract did not deliver the level of volumes anticipated despite significant capital investment in a new production line.

The Company continued to be loss-making in YTD19 (January 2019 to November 2019) with a decline in volumes and anticipated new work not coming to fruition.

introduction, changes in and drains and/or giving rise to a accelerated

The Company's FY20 forecast, based on a scaled down operation as a further contract was lost, showed that significant losses would continue.

The Company's historical losses were funded by the Group. Work is being undertaken to clarify the inter-Group position, but based on the Company's records at 30 November 2019, the Company's net inter-Group creditor balance was c.£12.4m, comprising the following:

|  | £m            |
|--|---------------|
| Balances due from related companies      | 0.7           |
| Balances due to related companies        | (5.0)         |
| Notes payable - KSR UK LLC               | (0.5)         |
| Notes payable - KSR International Co.    | (7.6)         |
| <b>Net amount due to Group companies</b> | <b>(12.4)</b> |

## 1.4 Circumstances giving rise to the appointment of the Joint Administrators

In August 2019, a US-based corporate finance advisory firm (with a particular automotive sector focus) was engaged to perform a market testing exercise to explore whether a sale of the Company could be achieved. However, we understand this resulted in no viable interest for the business.

In December 2019, in light of the ongoing financial under-performance of the Company and a challenging market outlook for the automotive sector, the Parent informed the Company that no further funding would be forthcoming.

Ernst & Young LLP was introduced to the Company by DLA Piper LLP on 9 December 2019 (the Group is a client of DLA Piper LLP). EY was subsequently engaged on 27 December 2019 by the Company to undertake the following work:

- ▶ Carry out contingency planning in anticipation of a formal insolvency appointment;
- ▶ Commence an accelerated sale process to determine if there was any potential interest in acquiring the shares and/or business and assets of the Company; and
- ▶ Work closely with the Company to monitor its short-term cash position.

An accelerated sales process was commenced and seven potentially interested parties were approached (predominantly distressed private equity investors) with a no-names, high-level summary of the opportunity. All seven parties were subsequently sent confidentiality letters to sign to enable them to receive further information. Two confidentiality letters were signed but on receipt of further information both these parties declined to take their initial interest further.

At the same time the Company's key customers were informed of the likelihood that the Company would enter a formal insolvency process. Due to the nature of the automotive sector, which largely operates on a "just in time" basis, a closure of the Company's business would have created supply issues for the key customers. The customers requested that the Company continue to trade to allow them time to secure alternative supply and discussion in this regard commenced.

With no further funding and a sale of the Company or its business and assets considered unlikely in the short-term, the Company's directors concluded that an insolvency of the Company was unavoidable. Accordingly, the directors of the Company made arrangements



information, background and current status giving rise to the appointment

to place the Company into Administration under the provisions of paragraph 22 of Schedule B1 to the Insolvency Act 1986.

For the work undertaken prior to the appointment of the Joint Administrators, EY received fees totalling £270,000 (see Section 6 of these proposals for further details). In line with our Code of Professional Ethics, we have carefully considered whether this engagement constitutes a conflict of interest which precludes us from acting as Joint Administrators of the Company. We are satisfied that it does not.

## 2. Purpose, conduct and end of the Administration

### 2.1 Purpose of the administration

The purpose of an administration is to achieve one of three objectives:

- a. To rescue a company as a going concern
- b. To achieve a better result for a company's creditors as a whole than would be likely if the company were wound up (without first being in administration)
- c. To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for a company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the Company as a whole.

It is considered unlikely that objective (a) can be achieved because there was limited interest in the Company from the accelerated sales process, as well as the previous market testing exercise in August 2019. However, there are ongoing discussions with potentially interested parties.

If objective (a) is not achieved, then the Joint Administrators will pursue objective (b): to 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). This will be achieved by continuing to trade the Company in Administration as opposed to an immediate closure and winding up of the Company. The advantages of trading the Company in Administration are detailed in section 2.2.1.

If objective (b) is not achieved then objective (c), to realise property in order to make a distribution to one or more secured or preferential creditors, will be followed.

### 2.2 Conduct of the Administration

#### 2.2.1 Trading

Following extensive negotiation, on the date of appointment a supply agreement ("the Supply Agreement") was signed by the Company's two key customers and the Joint Administrators for an initial three month period, with a provision to continue to trade on a rolling basis thereafter.

The key provisions of the Supply Agreement are commercially sensitive but the benefits of continuing to trade the Company in Administration are:

- ▶ It provides time and preserves the value of the business while the possibility of achieving a going-concern sale of the Company and or its business and assets is explored;
- ▶ As part of the Supply Agreement the two customers party to the Supply Agreement each paid their outstanding debt to the Company in full (total £684,399). In addition, if the Company had ceased to trade these customers may have made damages claims against the Company for losses suffered, which would have diluted the funds available to unsecured creditors; and

- ▶ As the Joint Administrators have a duty to preserve the assets of the Company to maximise the realisations for the creditors as a whole the customers agreed to provide sufficient funding to ensure the business would trade at a £75,000 profit per month in the Administration. Based on trading forecasts, the customers provided up front funding to achieve this, with a mechanism to enable the Joint Administrators to request further funding if required. The Administration trading profit will become available to the general body of creditors in due course.

Subsequently a further supply agreement was reached with a third customer which required a small quantity of parts from the Company over a limited period. This agreement was based on a 98.4% price uplift to ensure these parts were manufactured at a profit.

Although the Company is continuing to supply three customers, there has been a reduction in its trading activities and therefore staffing requirements. Consequently, following the appointment of the Joint Administrators a formal consultation process was commenced with the Company's 121 employees. Shortly thereafter, 18 employees, whose roles were no longer required by the Company were made redundant. Since then one further redundancy has been made.

To 6 March 2020 we have received £1.15m from trading sales. For the same period payments related to trading total £1.49m (including £807,938 in material purchases and £159,956 in wages). This does not include amounts accrued but not paid during this period.

We will generate a profit of at least £225,000 for the first three months of trading. Based on customer orders received to date we expect the trading period to continue until at least June 2020.

We are currently progressing a number of retention of title ("ROT") claims on a case by case basis. To date claims totalling £285,943 have been received and £2,856 has been paid as a commercial settlement.

## **2.2.2 Sale of business**

As detailed previously, prior to the date of appointment, seven potentially interested parties were approached. Since the date of appointment these parties have been re-contacted and a further two parties have come forward. As the sales process is commercially sensitive we will provide a more detailed update following its conclusion.

## **2.3 Asset realisations for the Company**

### **2.3.1 Leasehold property**

The Company occupies a single leasehold site in Swansea. The lease expires on 31 August 2021. The Joint Administrators do not believe there is any value in the lease but will assess this further when the trading period is approaching an end.

### **2.3.2 Plant and equipment**

The Company's principal fixed asset is its manufacturing machinery and equipment. At 30 November 2019 this had a net book value of £815,079 in the Company's management accounts.

Specialist valuers firm Gordon Brothers, who have previously undertaken valuation work for the Company around eight years ago, have attended the Company's premises to undertake a valuation of the tangible fixed assets on an in-situ and ex-situ basis.

At present, the machinery and equipment is being utilised for trading. If a sale of the business and assets is not possible (or if the plant and machinery is not included in any

sale), then the Joint Administrators anticipate realising the plant and machinery by way of an auction once the trading period is concluded.

### **2.3.3 Trade debtors**

Based on the Company's records trade debtors due from third parties at the date of appointment totalled £1.16m.

As part of the Supply Agreement previously noted, the key customers paid their outstanding debt to the Company in full. Further book debts have also been recovered from other customers giving a total of £873,430 received by 6 March 2020. The Joint Administrators are continuing to pursue the remaining balances.

### **2.3.4 Stock**

At the date of appointment, the Company's stock balance totalled £2.04m, comprising raw materials (£1.58m), WIP (£91,163) and finished goods (£369,804). If the Company had ceased to trade following the appointment of the Joint Administrators we believe there would have been limited realisations as many parts are specifically manufactured for the Company so would have limited resale value and might have been subject to retention of title claims.

The majority of the Company's stock is currently being utilised for trading post-appointment and we expect that any related raw material remaining at the end of the trading period will be purchased by the relevant customer.

Realisations from finished goods stock total £100,989 and include sales to customers that are not party to any post-appointment supply agreements.

### **2.3.5 VAT receivable**

The Company is due a refund of £213,055 from HMRC in relation to pre-appointment VAT. HMRC is entitled to set off this debt against any unpaid direct and indirect taxes so it is not clear at this stage what, if any, balance may be realised. A VAT refund of £163,631 (relating to an earlier period) was received into one of the Company's pre-administration bank accounts after the date of appointment.

### **2.3.6 Intercompany balances**

As detailed previously, pre-administration balances due to the Company from other Group entities totalled c.£672,460. However, we expect that this balance will be offset against inter-group creditor balances which total c.£13.08m so no realisations are expected.

### **2.3.7 Cash at Bank**

The Company operated five credit-only bank accounts. There was c.£1.15m cash held in the Company's bank accounts at the date of appointment. This amount has been transferred into the Administration bank account.

For the avoidance of doubt, these funds are held in a separate account to the funding being used to facilitate ongoing trading to ensure this balance is preserved for the benefit of creditors.

## **2.4 Approval of the Joint Administrators' Proposals**

The Joint Administrators are seeking approval of their Proposals by deemed consent. Further details of the arrangements and any steps to be taken by creditors are given in the formal notice of deemed consent delivered to creditors with these Proposals.

## 2.5 Future conduct of the Administration

The Joint Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the Administration. This will include, but not be limited to:

- ▶ Overseeing the on-going trading activities of the Company, including liaising with customers and suppliers;
- ▶ Preparing trading accounts, including monitoring the cash flow and liaising with the customers, who are funding the trading period;
- ▶ Monitoring staffing levels and consulting with employees with respect to potential further redundancies (if appropriate);
- ▶ Continuing to liaise with interested parties regarding a potential sale of the Company and/or its business and assets;
- ▶ Realising the remaining assets of the Company, including marketing and selling the plant and machinery and other chattel assets, should a sale of the business not be possible;
- ▶ *Dealing with corporation tax and VAT matters, which includes filing statutory returns;*
- ▶ Carrying out investigative procedures, including investigating the conduct of the directors leading up to the Joint Administrators' appointment in accordance with the requirements of the CDDA;
- ▶ Dealing with creditor enquiries;
- ▶ Distributing realisations to the preferential creditors of the Company;
- ▶ Ensuring all statutory reporting and compliance obligations are met;
- ▶ Finalising the Administration, including payment of all Administration liabilities; and
- ▶ Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the Administration.

## 2.6 The end of the administration

It is proposed that, at the end of the Administration, the Company will move straight into creditors' voluntary liquidation upon the filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986. It is proposed that the liquidators will be Lucy Winterborne and Daniel Christopher Hurd of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the liquidators may be done by either or both of them.

In accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 3.60(6)(b) of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before the proposals are approved. It should be noted in this regard that a person must be authorised to act as an insolvency practitioner in order to be appointed as liquidator.

### 3. Statement of Affairs

As at the date of issuing these proposals, the directors have not yet submitted a Statement of Affairs. A Statement of Affairs details the assets and liabilities of the Company at the date of appointment. The Administrators granted the directors an extension for submission of the Statement of Affairs until 17 March 2020 and no further extension has been requested at this time.

In the absence of a Statement of Affairs, we attach at Appendix B an estimate of the Company's financial position as at 27 January 2020 as well as a list of creditors (at Appendix E) including, as far as is currently known, their names, addresses, amounts owed and details of any security held. This has been compiled using the Company's draft management accounts for November 2019, updated for more recent information provided by management where available. To the Administrators' knowledge, none of the amounts included have been audited or otherwise independently verified.

When provided the full Statement of Affairs will be made available on the following website: [www.ey.com/uk/KSRElectronic-Administration](http://www.ey.com/uk/KSRElectronic-Administration).

We provide below, for information, an indication of the current position with regard to creditors' claims. The figures have been compiled by the Company's management and have not been subject to independent review or statutory audit.

#### 3.1 Secured creditors

As detailed previously, the Company operated credit-only facilities and was funded by other entities within the Group. As such, the Company does not have any direct borrowings from secured lenders.

However, up until the 24 January 2020, the Company had cross-guaranteed the Group's borrowings from Wells Fargo Bank ("Wells Fargo"), the Group's principal lender, making them a qualifying floating charge holder.

On 24 January 2020, Wells Fargo released its security over the Company so consequently, none of the Company's assets are subject to a fixed or floating charge.

#### 3.2 Preferential creditors

The Joint Administrators estimate preferential claims could be in the region of c.£5,579 in respect of employees' salaries, holiday pay, pension contributions and any other relevant salary deductions.

As claims are received, we will be able to more accurately quantify the value of preferential creditor claims. We currently expect that preferential claims will be paid in full.

#### 3.3 Unsecured, non-preferential creditors

These creditor claims continue to be submitted. Based on the Company's records it is estimated that total non-preferential claims could be in the region of £17.1m. However, creditor claims may be higher due to contingent claims and other non-priority creditor amounts not included in the Company's records.

At this stage we believe there will be a dividend paid to unsecured creditors. However, the quantum and timing of any dividend is not yet known.

### 3.4 Creditor claims

Please note that debts incurred by the Company before our appointment will rank as unsecured non-preferential claims. If you have a claim that you have not yet submitted, please forward details together with supporting documentation (e.g. invoices, statements and agreements) to Ernst & Young LLP, The Paragon, Counterslip, Avon, Bristol, BS1 6BX, marked for the attention of Oliver Charlesworth, or, alternatively, to the following email address: [ksrelectronic@uk.ey.com](mailto:ksrelectronic@uk.ey.com).

Certain debts due from the Company may be preferential in accordance with Section 386 of the Insolvency Act 1986. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in the Company's possession, please forward details to me as soon as possible.

Any sums due to the Company arising after our appointment must be paid in full and without set-off against any debts incurred by the Company prior to our appointment.

### 3.5 Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

A relevant charge against the Company was created on 28 December 2017 but, as detailed previously, was released on 24 January 2020. Therefore, the Prescribed Part does not apply in this matter.

Administrators' receipts and payments.

#### 4. Administrators' receipts and payments

A summary of the Administrators' receipts and payments for the period from 27 January 2020 to 6 March 2020 is attached at Appendix C.



## 5. Administrators' remuneration, expenses, disbursements and payments to other professionals

### 5.1 Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the website of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Administrators.

The basis of the Joint Administrators' remuneration is to be fixed by creditors. If a creditors' committee is appointed then this will be a decision for the committee. In the event that a creditors' committee is not formed, or does not make a determination, a decision of the creditors will be required.

It is proposed that the administrators' remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration.

As the length of the trading period is not yet known and a sale of the Company and/or its business and assets remains a possibility, the Joint Administrators have chosen not to seek a decision on the basis of post-appointment remuneration and Category 2 disbursements at this time. Once discussions with the customers and interested parties provide further clarity on potential outcomes, the Joint Administrators will prepare a fee estimate and statement of expenses and will seek approval for the basis of their remuneration, either from the creditors' committee (if one is appointed) or by a decision of creditors. Accordingly a fee estimate and statement of expenses will be circulated under separate correspondence in due course.

To 6 March 2020, the Joint Administrators have incurred time costs of £187,032 in relation to time properly spent undertaking statutory duties and £359,000 in relation to ongoing trading. The Joint Administrators' fees for trading the business will be funded by the three customers for which production has continued.

### 5.2 Disbursements

Disbursements are expenses met by and reimbursed to the Joint Administrators. They fall into two categories: Category 1 and Category 2. When the Joint Administrators provide their fee estimate, this will include details of the Category 1 and 2 disbursements which are expected to be incurred.

Category 1 disbursements are payments to independent third parties where there is expenditure directly referable to the administration. Category 1 disbursements can be drawn without prior approval.

Category 2 disbursements are expenses that are directly referable to the administration but not to a payment to an independent third party. They may include an element of shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as remuneration. In the event that a creditors' committee is not formed, the Joint Administrators propose that they are permitted to charge Category 2 disbursements in accordance with the statement of expenses which will be circulated under separate correspondence to all creditors in due course.

## 5.3 Pre-Administration costs

As noted in Section 1, £270,000 of fees were incurred and paid prior to the date of appointment as part of our engagement with the Company dated 27 December 2019. Not all of our time costs were billed prior to appointment so the Joint Administrators will be seeking approval for payment of unpaid pre-administration costs totalling £175,886 plus VAT. The payment of unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52, and not part of the proposals subject to approval under paragraph 53. This means that they must be approved separately from the proposals.

Further to the work noted in Section 1, the nature of the unbilled pre-administration work can be summarised as follows:

- ▶ Assessing the likely strategy which Joint administrators might implement;
- ▶ Gathering information and undertaking more detailed contingency planning in order to allow the proposed office holders to prepare for taking over the affairs of the Company on appointment;
- ▶ Understanding the key risks in respect of trading the Company in Administration, and how to mitigate these; and
- ▶ Negotiating the Supply Agreement with customers to avoid stopping production.

Undertaking the above actions enabled the ongoing trading of the Company to continue post-administration with the minimum disruption possible, thereby preserving value in the business.

The breakdown of total pre-administration costs are attached at Appendix D which sets out:

- ▶ The fees charged by the Joint Administrators.
- ▶ The expenses incurred by the Joint Administrators.

In the event that a creditors' committee is not formed, the Joint Administrators will seek to have the unpaid pre-administration approved by a decision of creditors.

## 5.4 Other professionals' pre-administration costs

As well as the Joint Administrators' fees and disbursements, the Administrators will also seek approval for payment of unpaid pre-administration costs to other professionals totalling £168,251 plus VAT, comprising £147,451 of time costs and disbursements incurred by DLA Piper, £8,800 incurred by Gordon Brothers and £12,000 incurred by Aon Risk Solutions. The payment of these unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52, and not part of the proposals subject to approval under paragraph 53. This means that they must be approved separately from the proposals and the Joint Administrators will seek approval for the payment of these costs as a separate resolution at the same time as the fee estimate and statement of expenses are circulated under separate correspondence in due course.

In the meantime further information is provided below and these costs are included at Appendix D.

### 5.4.1 Pre-appointment costs incurred by DLA Piper

DLA Piper were engaged to provide legal advice in advance of the Company entering Administration, including in relation to the secured creditor position and in drafting the Supply Agreement with the two key customers. DLA Piper's unpaid time costs for this work

totalled £147,001 plus VAT and disbursements of £450 in the relevant pre-administration period.

#### **5.4.2 Pre-appointment costs incurred by Gordon Brothers**

Gordon Brothers' costs for reporting on the valuation and potential strategies to realise the Company's plant and machinery (on an in-situ and ex-situ basis) totalled £8,500 plus VAT and disbursements of £300. Gordon Brothers' valuation report was received on 20 January 2020.

#### **5.4.3 Pre-appointment costs incurred by Aon Risk Solutions**

Pre-appointment costs incurred by Aon Risk Solutions for liaising with the Company's existing insurance brokers and underwriters to ensure appropriate insurance covers (including general and product liability cover) remained in place or were put in place to enable to Company to continue to trade on appointment totalled £8,500 plus VAT. Conversations between Aon and the Company's existing insurance broker began on 13 January 2020.

Should you wish to discuss any aspect of this report, please contact Oliver Charlesworth on [ksrelectronic@uk.ey.com](mailto:ksrelectronic@uk.ey.com) or 0161 234 0510.

## Appendix A Statutory information

### Company Information

**Company Name:** KSR Electronic Systems Limited  
**Registered Office Address:** c/o Ernst & Young LLP  
 The Paragon,  
 Counterslip  
 Bristol  
 BS1 6BX  
**Registered Number:** 03648720  
**Date of incorporation:** 7<sup>th</sup> October 1998  
**Trading Name(s):** n/a  
**Trading Address(es):** Heol Y Ddraig  
 Penllergaer Business Park  
 Swansea  
 SA4 9HL

### Details of the Administrators and of their appointment

**Administrators:** Lucy Winterborne and Daniel Christopher Hurd  
**IP number:** 21130 and 20030  
**Date of Appointment:** 27<sup>th</sup> January 2020  
**By Whom Appointed:** The appointment was made by the Company's directors  
**Court Reference:** High Court of Justice, Business and Property Courts of England and Wales: CR-2020MAN000054

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly.

### Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this Administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

### Share capital

| Class         | Authorised |       | Issued and fully paid |       |
|---------------|------------|-------|-----------------------|-------|
|               | Number     | £000s | Number                | £000s |
| Ordinary (£1) | 2,000      | 2,000 | 2,000                 | 2,000 |

Statutory information

**Directors and their shareholdings**

| Name            | Director or Secretary | Date appointed                | Date resigned | Current shareholding |
|-----------------|-----------------------|-------------------------------|---------------|----------------------|
| James Black     | Director              | 16 <sup>th</sup> January 2020 | n/a           | -                    |
| Eileen Wheatman | Director              | 16 <sup>th</sup> January 2020 | n/a           | -                    |

## Appendix B Estimated statement of financial position

### A - Summary of Assets

|                                | Note | Book Value at 30 Nov 2019<br>£ | Estimated to Realise<br>£ |
|--------------------------------|------|--------------------------------|---------------------------|
| Property, plant and equipment  | 1    | 815,079                        | TBC                       |
| Trade and other receivables    | 2    | 1,162,174                      | 1,162,174                 |
| Prepayments and accrued income |      | 491,369                        | -                         |
| Stock and finished goods       | 2    | 2,042,836                      | 100,989                   |
| Cash at bank and on hand       | 3    | 1,153,699                      | 1,153,699                 |
| Deferred taxation              |      | 233,180                        | 163,631                   |
|                                |      | <b>5,898,337</b>               | <b>2,580,493</b>          |

### A1 - Summary of Liabilities

|  |   |                   | Estimated to Realise<br>£ |
|--|---|-------------------|---------------------------|
| <b>Estimated total assets available for preferential creditors</b> |   |                   | <b>2,580,493</b>          |
| Preferential creditors   | 4 | 5,579             |                           |
| <b>Total assets available to unsecured creditors</b>               |   |                   | <b>2,574,914</b>          |
| <b>Unsecured non-preferential claims</b>                           |   |                   |                           |
| Trade Creditors  | 2 | 2,994,718         |                           |
| Inter-Group Balances   |   | 13,083,804        |                           |
| HMRC   |   | 57,790            |                           |
| Other Creditors  |   | 988,439           |                           |
|  |   | <b>17,124,752</b> |                           |
| <b>Estimated deficiency / surplus as regards all creditors</b>     |   |                   | <b>(14,549,838)</b>       |
| Issued and called up capital                                       |   | 2,000             |                           |
| <b>Estimated total deficiency / surplus as regards members</b>     |   |                   | <b>(14,551,838)</b>       |

#### Notes:

- 1 A valuation of the Company's plant and machinery has been by Gordon Brothers but the realisable value has not been included here as it remains commercially sensitive while the sale of the Company's business and assets is being explored.
- 2 Based on Company records at 27 January 2020.
- 3 Cash is based on the balance on hand at 27 January 2020.
- 4 Employees were paid up to the date of appointment and holiday cycle had just begun so holiday and payroll arrears are minimal.
- 5 The above estimated to realise values excludes costs of realisation.

## Appendix C Joint Administrators' receipts and payments account for the period from 27 January 2020 to 6 March 2020

Per Estimated  
Statement of Financial  
Position  
£

|  | EUR              | GBP                | USD              | GBP<br>Equivalent  |
|--|------------------|--------------------|------------------|--------------------|
| <b>Trading Receipts</b>                    |                  |                    |                  |                    |
| Customer sales                             | 827,582          | 29,686             | 555,211          | 1,148,006          |
| Bank interest (Trading)                    | -                | 286                | -                | 286                |
| Customer advance payments                  | -                | 4,430,746          | -                | 4,430,746          |
| <b>Total</b>                               | <b>827,582</b>   | <b>4,460,718</b>   | <b>555,211</b>   | <b>5,579,038</b>   |
| <b>Trading Payments</b>                    |                  |                    |                  |                    |
| Cost of sales                              | (415,114)        | (726,880)          | (118,541)        | (1,164,331)        |
| Staff costs                                | -                | (172,292)          | -                | (172,292)          |
| Retention of Title                         | -                | (2,856)            | -                | (2,856)            |
| Hire of equipment                          | -                | (1,061)            | -                | (1,061)            |
| Carriage                                   | (732)            | (13,288)           | -                | (13,898)           |
| Repairs and maintenance                    | -                | (179)              | -                | (179)              |
| Import VAT                                 | -                | (23,270)           | -                | (23,270)           |
| Telephone                                  | -                | (25)               | -                | (25)               |
| Rent                                       | -                | (90,000)           | -                | (90,000)           |
| Stationery and Printing                    | -                | (321)              | -                | (321)              |
| Software Licensing Fees                    | -                | (976)              | (24,000)         | (19,505)           |
| Sundry Expenses                            | -                | (1,473)            | -                | (1,473)            |
| Bank charges (Trading)                     | (181)            | (162)              | (145)            | (425)              |
| Security                                   | -                | (335)              | -                | (335)              |
| Consultant Fees                            | -                | (1,940)            | -                | (1,940)            |
| Waste Disposal                             | -                | (835)              | -                | (835)              |
| <b>Total</b>                               | <b>(416,027)</b> | <b>(1,035,893)</b> | <b>(142,686)</b> | <b>(1,492,747)</b> |
| <b>Trading Receipts and Payments</b>       | <b>411,556</b>   | <b>3,424,825</b>   | <b>412,525</b>   | <b>4,086,292</b>   |
| <b>Non-Trading Receipts</b>                |                  |                    |                  |                    |
| 100,989 Stock and Finished Goods           | -                | 100,989            | -                | 100,989            |
| 1,162,174 Debtors not subj to Fixed Charge | -                | 873,430            | -                | 873,430            |
| Miscellaneous Receipts                     | -                | 163,631            | -                | 163,631            |
| Bank Interest (221)                        | -                | 2,504              | -                | 2,504              |
| 1,153,699 Cash at Bank on Appointment      | -                | 1,153,699          | -                | 1,153,699          |
| <b>Total</b>                               | -                | <b>2,294,253</b>   | -                | <b>2,294,253</b>   |
| <b>Non-Trading Payments</b>                |                  |                    |                  |                    |
| Public Notices                             | -                | (95)               | -                | (95)               |
| Other Professional Fees                    | -                | (750)              | -                | (750)              |
| Bank charges and interest (221)            | -                | (1)                | -                | (1)                |
| <b>Total</b>                               | -                | <b>(846)</b>       | -                | <b>(846)</b>       |
| <b>Non-Trading Receipts and Payments</b>   | -                | <b>2,293,407</b>   | -                | <b>2,293,407</b>   |
| <b>Net Receipts and Payments</b>           | <b>411,556</b>   | <b>5,718,233</b>   | <b>412,525</b>   | <b>6,379,699</b>   |
| <b>Represented By</b>                      |                  |                    |                  |                    |
| RBS-GBP-32296060-IB General                | -                | 2,293,208          | -                | 2,293,208          |
| RBS-GBP-32296087-IB TRADING                | -                | 1,936,934          | -                | 1,936,934          |
| RBS-GBP-32296079-IB TRUST                  | -                | 1,379,843          | -                | 1,379,843          |
| RBS-GBP-32297458-IB SALARIES               | -                | 5,045              | -                | 5,045              |
| RBS-EUR-ENYNKSRE EUR C                     | 407,896          | -                  | -                | 339,913            |
| RBS-USD-ENYNKSRE USD C                     | -                | -                  | 388,817          | 300,198            |
| Flt VAT Receivable                         | 45,604           | 103,094            | 23,708           | 159,402            |
| Debtor Control A/c                         | -                | 144                | -                | 144                |
| Trade Creditors                            | (41,944)         | (95)               | -                | (35,049)           |
| Payroll Deductions                         | -                | 60                 | -                | 60                 |
| <b>Total Represented By</b>                | <b>411,556</b>   | <b>5,718,233</b>   | <b>412,525</b>   | <b>6,379,699</b>   |

## Appendix D Statement of pre-administration costs

|  | Administrator     |               | Other IP          |               | Details       |                             |
|--|-------------------|---------------|-------------------|---------------|---------------|-----------------------------|
|  | Remuneration<br>£ | Expenses<br>£ | Remuneration<br>£ | Expenses<br>£ | Expenses<br>£ |                             |
| Administrators in waiting              | 445,886           | 7,468         | Nil               | Nil           | Nil           |                             |
| DLA Piper LLP                          | 232,001           | 450           | Nil               | Nil           | Nil           |                             |
| Gordon Brothers                        | 8,500             | 300           | Nil               | Nil           | Nil           |                             |
| Aon                                    | 8,500             | Nil           | Nil               | Nil           | Nil           |                             |
| <b>Total costs incurred</b>            | <b>694,887</b>    | <b>8,218</b>  | <b>Nil</b>        | <b>Nil</b>    | <b>Nil</b>    |                             |
| <b>Paid before the administration</b>  |                   |               |                   |               |               | Payment made by the Company |
| Administrators in waiting              | (270,000)         | (Nil)         | (Nil)             | (Nil)         | (Nil)         |                             |
| DLA Piper LLP                          | (85,000)          | (Nil)         | (Nil)             | (Nil)         | (Nil)         |                             |
| Gordon Brothers                        | (Nil)             | (Nil)         | (Nil)             | (Nil)         | (Nil)         |                             |
| Aon                                    | (Nil)             | (Nil)         | (Nil)             | (Nil)         | (Nil)         |                             |
| <b>Unpaid pre-administration costs</b> | <b>339,887</b>    | <b>8,218</b>  | <b>Nil</b>        | <b>Nil</b>    | <b>Nil</b>    |                             |

Unpaid pre-administration costs are costs which had not been paid at the date of administration are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals. Further information on the way in which approval will be sought for unpaid pre-administration costs is set out in section 6 of this document.



# Appendix E List of Company Creditors

| Name                                     | Address 1   | Address 2   | Address 3            | Address 4            | Balance      | Comments                    | Details of securities held |
|--|---|-------------|----------------------|----------------------|--------------|-----------------------------|----------------------------|
| <b>Euro Creditors</b>                    |   |             |                      |                      |              |                             |                            |
| ARROW AUTOMOTIVE TECHNICAL ADVIS         | LONDON ROAD CAMPUS 30880 HANNOVER, BANEMARKSVEI 50B | London Road |                      | HARLOW GERMANY       | 1,419,882.38 | Balance per company records | NONE                       |
| Dr. O K Wacht Chemie                     | Bunsenstrasse 6                                     |             |                      | BRONDBY              | 40,750.33    | Balance per company records | NONE                       |
| Future                                   | Future House  | The Glanfy  |                      | Ingolstadt           | 985.00       | Balance per company records | NONE                       |
| HYBRID SYSTEM ELECTRONIC INTERPLEX       | REITWEG 1   |             |                      | Egham                | 263,080.00   | Balance per company records | NONE                       |
| MAGTROL SA                               | ROUTE DE MONTENA 77                                 |             |                      | VEITSBRONN           | 1,286.55     | Balance per company records | NONE                       |
| NDK EUROPE LTD.                          | RIVER REACH   |             |                      | ARBROATH             | 326,456.67   | Balance per company records | NONE                       |
| PINK GMBH Thermosysteme PROMASS ASSEMBLY | AM KESSLER 6  |             |                      | ROSSENS              | 20,400.00    | Balance per company records | NONE                       |
| RHOPOINT COMPONENTS                      | RONDWEG-WEST 35                                     |             |                      | KINGSTON UPON THAMES | 11,286.80    | Balance per company records | NONE                       |
| Rogers Germany GMBH                      | RHOPOINT HOUSE                                      |             |                      | WERTHEIM             | 1,019.00     | Balance per company records | NONE                       |
| TDK EUROPE GMBH                          | AM STADT WALD 2                                     |             |                      | Dangerdreef          | 3,000.00     | Balance per company records | NONE                       |
| TOTAL PRECISION LTD                      | C/O TDK UK LTD                                      |             | BRANTS BRIDGE        | EAST GRINSTEAD       | 11,403.29    | Balance per company records | NONE                       |
| WALDON LTD                               | BRITTANIC HOUSE                                     |             |                      | ESCHENBACH           | 71,818.21    | Balance per company records | NONE                       |
|  | UNIT A, PARC EIRIN                                  |             |                      | BRACKNELL            | 72,734.20    | Balance per company records | NONE                       |
|  |   |             | TONYREFAIL           | ILKESTON             | 78.00        | Balance per company records | NONE                       |
|  |   |             |                      | PORTH                | 148,588.78   | Balance per company records | NONE                       |
| <b>Sterling Creditors</b>                |   |             |                      |                      |              |                             |                            |
| 02 TELEFONICA                            | 260 BATH ROAD                                       |             |                      | SLOUGH               | -            | Balance per company records | NONE                       |
| ACC SILICONES LTD                        | AMBER HOUSE   |             |                      | BRIDGEWATER          | 4,011.84     | Balance per company records | NONE                       |
| AIR Products Plc                         | 2 Millenium Gate                                    |             | Westmere Drive       | Crewe                | 7,972.27     | Balance per company records | NONE                       |
| ALLSTAR BUSINESS SOLUTIONS               | P O BOX 1463  |             |                      | SWINDON              | -            | Balance per company records | NONE                       |
| ALTUS GROUP LTD                          | Unit 25 Stockwood Business Park                     |             |                      | REDDITCH             | 2,934.76     | Balance per company records | NONE                       |
| ANGLO PRODUCTION PROCESSES               | SAXON BUSINESS PARK                                 |             |                      | BROMSGROVE           | 11,216.47    | Balance per company records | NONE                       |
| ARCO LTD                                 | PO BOX 21   |             | STOKE PRIOR          | HULL                 | 131.42       | Balance per company records | NONE                       |
| ATEQ UK LTD                              | 71 WASHFORD IND ESTATE                              |             |                      | REDDITCH             | 1,286.00     | Balance per company records | NONE                       |
| AURORA HP SERVICES LTD                   | 3 THE TERRACE,                                      |             |                      | OXFORD               | 952.80       | Balance per company records | NONE                       |
| AVON DYNAMIC                             | UNIT 2, THE OLD MILL                                |             |                      | WARMLEY              | 186.00       | Balance per company records | NONE                       |
| AXA PPP HEALTHCARE LTD                   | VALE ROAD   |             |                      |                      | 9,280.42     | Balance per company records | NONE                       |
| BATTEN AND ALLEN LTD                     | BRIDGE END, LOVE LANE,                              |             |                      | GLoucestershire      | 16,092.00    | Balance per company records | NONE                       |
| BEADON                                   | UNIT 7, BARTLETT PARK                               |             |                      | CHARO                | 1,738.20     | Balance per company records | NONE                       |
| BONDLINE ELECTRONICS LTD                 | UNIT 6  |             | RIVERMEAD IND ESTATE | Swindon              | 517.83       | Balance per company records | NONE                       |
| British Telecom                          |   |             |                      |                      | -            | Balance per company records | NONE                       |
| BRITISH GAS                              | PAYMENT AREA 60,                                    |             |                      | SURREY               | -            | Balance per company records | NONE                       |
| BT PLC                                   | 81 NEWGATE ST                                       |             |                      | LONDON               | -            | Balance per company records | NONE                       |

14 of Company Credits

|                            |                              |  |                             |                     |            |     |                             |      |
|----------------------------|------------------------------|--|-----------------------------|---------------------|------------|-----|-----------------------------|------|
| BUCKHICKMAN IN ONE         | CREDIT MANAGEMENT DEPARTMENT | UNIT F17, ASH MOUNT BUSINESS PARK        | UPPER FOREST WAY            | Swansea             | 6,864.72   | GBP | Balance per company records | NONE |
| BUPA                       | UKM FINANCE                  | BUPA                                     |                             | SALFORD             | 2,704.25   | GBP | Balance per company records | NONE |
| C BRANDAUER & CO LTD       | 235 BRIDGE STREET WEST       |  |                             | BIRMINGHAM          | 120,710.35 | GBP | Balance per company records | NONE |
| CO                         | UNIT 3, RIVER TRENT BUS PARK |  |                             | HANWELL             | 369.60     | GBP | Balance per company records | NONE |
| COMCEN COMPUTER SUPPLIES   | BRUCE ROAD                   | TRUMPERS WAY SWANSEA WEST INDUSTRIAL EST |                             | Swansea             | 650.29     | GBP | Balance per company records | NONE |
| Conno Electronics          | UNIT 7                       | ORBITAL 25                               | DWIGHT ROAD, WATFORD, HERTS | WATFORD             | 7,190.10   | GBP | Balance per company records | NONE |
| CYMRU AUTOMATION           | UNIT 1                       | LONLAS INDUSTRIAL PARK                   | Skewen                      | Neath               | 1,723.72   | GBP | Balance per company records | NONE |
| CYMRU INDUSTRIAL SUPPLIES  | UNITS                        | ADDISON ROAD                             |                             | Port Talbot         | 1,509.60   | GBP | Balance per company records | NONE |
| DHL EXPRESS                | PO BOX 524                   | HOUNSLOW HARTLEBURY TRADING ESTATE       |                             | MIDDLESEX           | 22.52      | GBP | Balance per company records | NONE |
| DOPAG UK LTD.              | 299 OAK DRIVE                |  |                             | HARTLEBURY          | 3,866.45   | GBP | Balance per company records | NONE |
| Dow Corning                | Rheingastrasse 34            |  |                             | Wiesbaden           | 1,933.91   | GBP | Balance per company records | NONE |
| DS SMITH CELTIC            | RUSH DRIVE                   |  |                             | CRUMLIN             | 1,839.36   | GBP | Balance per company records | NONE |
| DWR Cymru                  | PO Box 690                   | PEN-Y-FAN IND ESTATE                     | CROESPENMAEN                | Cardiff             | 689.08     | GBP | Balance per company records | NONE |
| EDMUNDSON ELECTRICAL LTD   | UNIT 19 & 20, CWMDDU IND EST | CARMARTHEN ROAD, GENDROS,                |                             | SWANSEA             | 398.50     | GBP | Balance per company records | NONE |
| EEF Ltd                    | ENGINEERS HOUSE              | THE PROMENADE KELVIN SOUTH BUSINESS PARK | CLIFTON DOWN                | BRISTOL             | -          | GBP | Balance per company records | NONE |
| Elisworth Adhesives        | 2 LANGLANDS AVENUE           |  |                             | EAST KILBRIDE       | 1,038.72   | GBP | Balance per company records | NONE |
| ENGIE                      | NO 1 Leeds,                  | 26 Whitehall Rd                          |                             | Leeds               | -          | GBP | Balance per company records | NONE |
| EUROPA WORLDWIDE GROUP     | GREEN COURT,                 | KINGSWESTON LANE,                        |                             | AVONMOUTH, BRISTOL  | 1,566.00   | GBP | Balance per company records | NONE |
| EUROSTAT UK LTD            | UNIT 2, CAPITAL COURT        | BITTERN ROAD                             |                             | SOWTON              | 1,080.49   | GBP | Balance per company records | NONE |
| FACILITIES SERVICE GROUP   | 2 CLOS HEALY                 |  |                             | GOWERTON            | 147.55     | GBP | Balance per company records | NONE |
| FEDERAL EXPRESS            | P O BOX 119                  | COVENTRY                                 |                             | Coventry            | 1,655.85   | GBP | Balance per company records | NONE |
| Fisher Services Limited    | Riggs Place                  |  |                             | Cupar               | 4,236.10   | GBP | Balance per company records | NONE |
| FORMAGRIND PRECISION       |                              | MILLAND ROAD INDUSTRIAL ESTATE           |                             | NEATH               | 29,590.51  | GBP | Balance per company records | NONE |
| FORWARD WASTE MANAGEMENT   | UNIT 10                      |  |                             | CARDIFF             | 14,565.39  | GBP | Balance per company records | NONE |
| GRENKE LEASING LT          | FORWARD HOUSE,               | EAST MOORS ROAD,                         |                             | GUILDFORD, SURREY   | -          | GBP | Balance per company records | NONE |
| HETABEL LTD                | SAXON HOUSE,                 | 3 ONSLOW STREET,                         |                             | MACCLESFIELD        | 105.60     | GBP | Balance per company records | NONE |
| HORTECH LTD                | THE PICT JREDROME            | 102-104 CHESTERGATE                      | STONE                       |                     | 1,728.00   | GBP | Balance per company records | NONE |
| INGERSOLL-RAND UK LTD      | THE LONG BARN,               | MODDERSHALL,                             |                             | BASINGSTOKE         | 1,689.60   | GBP | Balance per company records | NONE |
| INGUN (UK) LIMITED         | HARROW HOUSE,                | BESSEMER ROAD,                           |                             | READING             | 3,563.44   | GBP | Balance per company records | NONE |
| INSIGHT DIRECT (UK) LTD    | FIRST FLOOR,                 | CENTRUM HOUSE, 15                        | WOODLEY,                    |                     | -          | GBP | Balance per company records | NONE |
| JAS FORWARDING(UK) LTD     | TECHNOLOGY BUILDING          | HEADLEY ROAD,                            | TERRY STREET                | Sheffield           | -          | GBP | Balance per company records | NONE |
| JPR PHOENIX LTD            | CARGO POINT,                 | INSIGHT CAMPUS                           | STANWELL                    |                     | 8,408.16   | GBP | Balance per company records | NONE |
| Keyence                    | PENALLTA INDUSTRIAL ESTATE,  | BEDFONT ROAD                             |                             | MILTON KEYNES       | 826.80     | GBP | Balance per company records | NONE |
| KINTETSU WORLD EXPRESS LTD | 219-225 AVEBURY BOULVARD     | HENGOED                                  |                             |                     | 4,398.00   | GBP | Balance per company records | NONE |
| KUEHNE & NAGEL LTD         | L1 THE LEVELS                | CAPITAL BUSINESS PARK                    |                             | CARDIFF             | 1,503.89   | GBP | Balance per company records | NONE |
| MEDICASH                   | THIRD WAY                    |  |                             | AVONMOUTH           | 2,823.20   | GBP | Balance per company records | NONE |
| MOUSER ELECTRONICS         | N A LONDON                   | ARTISAN BUILDINGSUITE                    |                             | HILLBOTTOM RD, HIGH | 988.05     | GBP | Balance per company records | NONE |
| NOLAN TRANSPORT            | LONDON OFFICE,               | C FIRST FLOOR                            |                             | WYCOMBE             | 1,218.90   | GBP | Balance per company records | NONE |
| NORDSON UK LTD             | OAKLANDS                     | NEW ROSS                                 |                             | NEW ROSS            | 3,113.10   | GBP | Balance per company records | NONE |
| ORSTED LTD                 | 26 FARADAY ROAD              | RABANS LANE                              | INDUSTRIAL AREA             | AYLESBURY           | 2,565.72   | GBP | Balance per company records | NONE |
|                            | 5 HOWICK PLACE,              | LONDON                                   |                             |                     | 125.00     | GBP | Balance per company records | NONE |

Set of Company Directors

|                                     |   |   |                          |                     |     |            |                             |      |
|-------------------------------------|---|---|--------------------------|---------------------|-----|------------|-----------------------------|------|
| PANASONIC INDUSTRY EUROPE           | GMBH (UK BRANCH) UNIT 2, SWANSEA ENTERPRISE ZONE        | PANASONIC HOUSE ST. DAVIDS EST.                 | WILLOUGHBY RD VALLEY WAY | BRACKNELL Swanssea  | GBP | -          | Balance per company records | NONE |
| PO WORLD BRANCH 0747                | Westlrm Industrial Estate                               | BUILDING 5, TRIDENT PLACE                       | MOSQUITC WAY             | Caerphilly          | GBP | 0.01       | Balance per company records | NONE |
| PITNEY BOWES                        | CUSTOMER PAYMENTS                                       | MOSQUITO WAY Unit D8 Forrest Court, Main Avenue | TREFOREST IND ESTATE     | Hertfordshire       | GBP | 208.00     | Balance per company records | NONE |
| PITNEY BOWES PURCHASE POWR          | BUILDING 5, TRIDENT PLACE                               | WHITWOOD LANE                                   | DUDLEY                   | HATFIELD            | GBP | -          | Balance per company records | NONE |
| R.S. COMPONENTS                     | TRADING COUNTER   | CASTLEGATE WAY, GOSFORTH                        |                          | PONTYPRIDD          | GBP | 105.00     | Balance per company records | NONE |
| REEL SERVICE LIMITED                | 55 NASMYTH ROAD   | PO BOX 5310                                     |                          | GLYNETHES           | GBP | 2,781.54   | Balance per company records | NONE |
| RENOVOTEC LTD                       | WHITWOOD LODGE  | RICHMOND,                                       |                          | WAKEFIELD           | GBP | 5,351.53   | Balance per company records | NONE |
| RENTOKIL PEST CONTROL               | CASTLEGATE HOUSE NORTH PARK                             | LANGSTONE BUS PARK                              |                          | West Midlands       | GBP | 678.20     | Balance per company records | NONE |
| SAGE UK LTD                         | CUSTOMER RELATIONS,                                     | Llantrn Park                                    |                          | NEWCASTLE UPON TYNE | GBP | 522.50     | Balance per company records | NONE |
| SEVERN TRENT WATER                  | 5 KEW ROAD,   | OCEAN WAY                                       |                          | COVENTRY            | GBP | 714.00     | Balance per company records | NONE |
| SG EQUIPMENT FINANCE LTD,           | RALEIGH HOUSE   | KELVIN ESTATE                                   |                          | SURREY              | GBP | -          | Balance per company records | NONE |
| SMART SOLUTIONS                     | Raglan House  | BELLBROOK INDUSTRIAL PARK                       |                          | LANGSTONE           | GBP | 472.01     | Balance per company records | NONE |
| Solutions in Technology             | 1 DENVALE TRADE PARK                                    | BLACKBUSHE BUSINESS PARK                        |                          | Swansea             | GBP | 38,999.97  | Balance per company records | NONE |
| THE WORD DIRECT LTD                 | PO BOX 186  | Conklin South                                   |                          | Cwmbran             | GBP | 199.53     | Balance per company records | NONE |
| TNT COURIERS                        | 16 SINGER ROAD  | FELTHAM   |                          | Cardiff             | GBP | 24.00      | Balance per company records | NONE |
| TPL LABELS LTD                      | TRIFAST HOUSE   | BANDEATH IND EST                                |                          | BURY                | GBP | 1,965.63   | Balance per company records | NONE |
| TR FASTENINGS LTD,                  | SAXONY WAY  | LANCASTER WAY                                   | EAST KILBRIDE            | Glasgow             | GBP | 261.36     | Balance per company records | NONE |
| TRESCAL LTD                         | 14 TROSTRE INDUSTRIAL PARK                              | CROYDON   |                          | UCKFIELD            | GBP | 13,197.84  | Balance per company records | NONE |
| TRIDENT ENGINEERING                 | 33 Broome Corp Parkway                                  | LETCHWORTH GARDEN CITY,                         |                          | YATELEY             | GBP | -          | Balance per company records | NONE |
| UNIVERSAL INST. CORP                | UPS HOUSE, FOREST ROAD                                  | MERMAIDS RETREAT                                | Conklin                  | LLANELLI            | GBP | 5,725.20   | Balance per company records | NONE |
| UPS                                 | VISION HOUSE  | BISHOPS CLEEVE,                                 |                          | NEW YORK            | GBP | -          | Balance per company records | NONE |
| V TECH SMT LTD                      | 4 & 5 ERMINE CENTRE                                     |   |                          | Middlesex           | GBP | 8,207.01   | Balance per company records | NONE |
| VIDEOJET TECHNOLOGIES LTD           | PO BOX 549  |   |                          | THROSK              | GBP | 3,155.86   | Balance per company records | NONE |
| VODAFONE                            | IRVIN HOUSE, ICKNIELD WAY, FLAT 9, 686-688 MUMBLES ROAD |   |                          | Huntingdon          | GBP | -          | Balance per company records | NONE |
| VTM (UK) LTD                        | THE GRANGE,   |   |                          | Surrey              | GBP | 1,115.38   | Balance per company records | NONE |
| WM XPRESS VANS                      |   |   |                          | HERTFORDSHIRE       | GBP | 115.20     | Balance per company records | NONE |
| ZURICH ASSURANCE LTD                |   |   |                          | Swanssea            | GBP | 684.00     | Balance per company records | NONE |
|                                     |   |   |                          | CHEL TENHAM         | GBP | -          | Balance per company records | NONE |
| US Dollar Credits                   |   |   |                          |                     |     |            |                             |      |
| ARROW ELECTRONICS(UK)LTD            | LONDON ROAD CAMPUS                                      | LONDON ROAD                                     |                          | HARLOW              | USD | 241,302.07 | Balance per company records | NONE |
| B&T ENTERPRISE LTD                  | NO 55, SECOND INDUSTRI 6                                | HOUTING VILLAGE                                 | SHAJING TOWN             | BAGAN DISTRICT      | USD | 7,200.00   | Balance per company records | NONE |
| CIRCUITRONIX(HONG KONG)LTD          | UNIT NO. 15 7TH FLOOR                                   | BLOCK A, PO LUNG CENTRE                         | NO 11 WANG CHUI ROAD     | KOWLOON             | USD | -          | Balance per company records | NONE |
| DRESDEN INDUSTRIAL - RIDGE INFATECH | 95 ERIE STREET SOUTH                                    | 1302 KERR DRIVE                                 |                          | RIDGETOWN           | USD | 714.42     | Balance per company records | NONE |
| INSETO (UK) LTD                     | DECORAH OPERATIONS                                      | FOCUS WAY                                       |                          | DECORAH             | USD | 5,192.00   | Balance per company records | NONE |
| KESTREL INTERNATIONAL CIRC          | UNIT 25 FOCUS 303                                       |   |                          | ANDOVER             | USD | 5,453.75   | Balance per company records | NONE |
| MICROSEMI MACAU                     | 8 COMMERCE WAY MICROSEMI COMERCIAL OFFSHORE LTD         | AVENIDA DA PRAIA GRANDE NO. 594                 | EDIFICIO BCM, A17        | LANCING             | USD | 113,815.14 | Balance per company records | NONE |
| NISSHO SEIKO LTD                    | 7/225 AMATA CITY IND EST                                | M00 6 T MARYANGFORN AMPHUR                      |                          | Macau               | USD | 76,890.00  | Balance per company records | NONE |
| OCHA USA                            | 840-B POND DRIVE  |   |                          | PLUAKDAENG          | USD | 81,434.40  | Balance per company records | NONE |
| OLE WOLFF ELECTRONICS               | 3 BEDFORD STREET  | WOBURN  |                          | WOOD DALE           | USD | 3,045.24   | Balance per company records | NONE |
|                                     |   |   |                          | MILTON KEYNES       | USD | 38,653.44  | Balance per company records | NONE |



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