



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 5 3 9 7 9 8 4

Company name in full Geothermal International Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Gary N

Surname Lee

### 3 Administrator's address

Building name/number C/O Begbies Traynor

Street 340 Deansgate

Post town Manchester

County/Region

Postcode M 3 4 L Y

Country

### 4 Administrator's name ①

Full forename(s) Paul

Surname Stanley

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number C/O Begbies Traynor

Street 340 Deansgate

Post town Manchester

County/Region

Postcode M 3 4 L Y

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 3	<sup>d</sup> 0	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2
To date	<sup>d</sup> 2	<sup>d</sup> 9	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

<sup>d</sup> 2	<sup>d</sup> 1	<sup>m</sup> 1	<sup>m</sup> 0	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 2
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**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 **Warren Seals**

Company name **Begbies Traynor (Central) LLP**

Address **340 Deansgate**

**Manchester**

Post town **M3 4LY**

County/Region

Postcode

Country

DX

Telephone **0161 837 1700**

**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

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

**Important information**

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

**Where to send**

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

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

**Further information**

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

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

Gary N Lee and Paul Stanley were appointed Joint Administrators on 30 September 2021

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

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## Geothermal International Limited (In Administration)

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### Progress report of the Joint Administrators

Period: 30 March 2022 to 29 September 2022

## Important Notice

This progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Geothermal International Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 30 September 2021
"the administrators" "we" "our" and "us"	Gary N Lee and Paul Stanley of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

# 2. STATUTORY INFORMATION

Name of Company	Geothermal International Limited
Trading name(s):	N/A
Date of Incorporation:	18 March 2005
Company registered number:	05397984
Company registered office:	C/O Begbies Traynor, 340 Deansgate, Manchester, M3 4LY

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators:	Gary N Lee and Paul Stanley, Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
Date of administrators' appointment:	30 September 2021
Date of administrators' resignation:	N/A
Court:	Business and Property Courts in Manchester
Court Case Number:	CR2021MAN000538
Person(s) making appointment / application:	The Board of Directors
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
Type of Proceedings:	The proceedings will be COMI proceedings, as defined by the Insolvency (England and Wales) Rules 2016 (as amended)
Extensions of the administration period	The administration period was extended with the consent of creditors for a period of 12 months

### 4. PROGRESS DURING THE PERIOD

#### Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 30 March 2022 to 29 September 2022.

#### Receipts

##### Bank Interest

£19.83 has been earned in bank interest in the period covered by this report.

##### Rent Arrears & Building Insurance

During the period, £8,361.97 was paid to the Company by the subtenants of Unit 2, Cavans Way, Binley Industrial Estate, Coventry, CV3 2SF in relation to rent and building insurance for the period of their occupation following the administrators' appointment up to the surrender of the lease by the Company in June 2022.

##### VAT Refund

A VAT refund totalling £63,100 was paid by HMRC in relation to returns submitted for periods prior to the appointment of Administrators.

## Payments

### **Administrators' Fees**

During this reporting period, Administrators' Fees in the sum of £188,000 have been drawn in relation to work carried out, as per approval obtained from the secured creditor of the Company, ESB Novus Modus LP. Further information can be found in section 7 of this report.

### Archiving

£176.35 has been paid to Restore Plc in relation to archiving and storage costs incurred during the reporting period.

### Building Insurance

£486.97 has been paid to ehB Reeves, the agents for the landlord at Unit 2, Cavans Way, Binley Industrial Estate, Coventry, CV3 2SF in relation to building insurance payable during the period.

### Legal Fees & Disbursements

£3,500 has been paid to DLA Piper UK LLP in relation to advice provided on the Company's Polish subsidiary, Geothermal International Polska (in Liquidation)

£18,320.50 has been paid to Eversheds Sutherland in relation to advice provided on the validity of the charge holders security, advice on dealing with the lease at Unit 2 Cavans Way, CV3 2SF including the surrender/assignment of the same, discussions in respect of issues arising with claims of contingent creditors and lastly advice on the Asset Purchase Agreement between the Company and ESB Innovation UK Limited.

### Postage

Postage costs in the sum of £34.26 were incurred and paid to Postworks during the reporting period.

### Quantity Surveyors Fees

£6,107.50 has been paid to Naismiths Limited in relation to professional services in consideration of various contract accounts and claims against the Company, together with advising on the ongoing feasibility of collection of the Company's debts.

### Rent Arrears

£7,875 has been paid to ehB Reeves, the agents for the landlord at Unit 2, Cavans Way, Binley Industrial Estate, Coventry, CV3 2SF in relation to rent and rent arrears payable during the period. This and the building insurance payment previously noted were covered by the receipt from the subtenant as noted within the receipts section above.

### Tax Advisors Fees

£1,000 paid to Solve VAT for their assistance in completing the VAT returns and dealing with HMRC queries and disputes for the periods prior to the appointment of Administrators. Their work resulted in the receipt of the aforementioned VAT refund of £63,100.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we



have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment.

The details below relate to the work undertaken in the period of the report only. Our previous report contains details of the work undertaken since our appointment.

#### General case administration and planning

It is necessary to develop and review the strategy in respect of certain key elements, such as asset realisations, case progression and investigations, dependent upon the specific circumstances of a case.

Periodic reviews as well as internal discussions and emails have therefore been carried out in order to ensure that asset realisations and investigations are progressing satisfactorily, and that statutory requirements of the relevant legislation are complied with.

Specific time charged to this category also includes

- obtaining information on the business from directors, contractors and advisors via email correspondence and several Microsoft Teams meetings
- obtaining legal advice and drawing conclusions on the company's polish subsidiary, Geothermal International Polska (in Liquidation)
- liaising with the landlords agents in surrendering the leasehold premises at Unit 2, Cavans Way, Binley Industrial Estate, Coventry, CV3 2SF including arranging for rent arrears and building insurance to be settled and the clearing and collection of items held in and around the premises.
- maintaining the case diary
- considering renewal of the company's Trademark
- providing general updates to the directors on case progression.
- considering the extension of the administration and preparing the relevant documents and notices.
- reviewing the Company's 'Z-Drive' and internal management accounts.
- filing documents and email correspondence.

Generally, it is necessary to maintain and file records to demonstrate how the case was administered, and to document the reasons for any decisions that materially affect the case.

This has not benefitted creditors financially but was necessary in accordance with insolvency legislation.

#### Compliance with the Insolvency Act, Rules and best practice

In accordance with the Insolvency Act and Rules we have issued this interim report to creditors and members within one month of the six month anniversary, this has also been filed at Companies House.

We have also continued to ensure that the case is adequately bonded (an insurance bond to protect the interests of creditors in the potential asset realisations on a case).

This category includes cashiering duties, such as banking funds, maintaining accounting records and invoicing in respect of remuneration and disbursements, which is mainly undertaken by our support staff throughout the duration of the case.

Time charged during the period of this report also includes the preparation and submission of the Joint Administrators' Interim Progress Report and Account of the administration.

We have complied with / carried out these duties during the period of this Progress Report – although this work has not benefitted creditors financially, it was still necessary in accordance with insolvency legislation.

### Investigations

The Joint Administrators and their staff have undertaken their investigations in compliance with Statement of Insolvency Practice 2 in relation to the conduct of the directors prior to our appointment as Joint Administrators.

The specific work carried out in our investigations in the period of this report included

- reviewing and updating our internal report on the sale of the business and assets to ESB Innovation UK Limited on 31 December 2018
- reviewing the pre-appointment intercompany debt
- review the Additional Consideration Sum of £200,000 and reconciling the intercompany position and documenting the movement in the Company's records
- reviewing the Working Capital Resource Sum of £170,000 including liaising with the directors and solicitors in preparing draft settlement agreements
- reviewing and enquiring into the affairs of the Company's Polish subsidiary in liquidation.
- obtaining legal advice and a written report on the subsidiary's position which included outlining the most appropriate action going forward.
- enquiries into payments made in accordance with the Company's Management Service Agreement.

We can confirm our investigations remain ongoing at this stage and at any conclusions and additional matters that subsequently come to light will be reported to creditors in our next report.

### Realisation of assets

The primary duty of an Insolvency Practitioner is to identify and realise the value of an insolvent company's property for the benefit of creditors.

The administrators and their staff have been liaising with the Company's directors and consultants to understand the positions with each of the debtors and when/if the retentions will become due with Quantity Surveyors instructed to oversee the process and enquire into the retentions on the administrators' behalf. We are continuing with our efforts in order to establish whether any of the retentions will be released.

The Administrators have collected rent arrears and building insurance from the subtenants of the leasehold premises at Unit 2, Cavans Way, Binley Industrial Estate, Coventry, CV3 2S.

A VAT Refund has also been received for a period prior to the appointment of administrators as outlined above.

As mentioned above, we are continuing with our review of sums that may have fallen due as a result of the Asset Purchase Agreement and liaising with ESB and the directors in this regard.

This work will benefit the secured creditor financially as it will allow a distribution to be paid in respect of their floating charge, and also allow a distribution of the prescribed part to the unsecured creditors.

### Dealing with all creditors' claims (including employees), correspondence and distributions

Administrators are required to log creditor claims, and respond to general correspondence received, including dealing with any creditors who have claimed retention of title on goods supplied. Time has also been apportioned to adjudicating and admitting creditor claims.

We have held meetings, both in person and virtually, with Quantity Surveyors and solicitors in relation to the contingent claims in respect of sub-contract agreements and collateral warranty guarantees. All correspondence

and enquiries received from creditors during the course of the administration to date have been dealt with and responded to by letter, email or phone call.

The amount shown includes the work associated with considering contingent creditor claims and liaising with third parties such as solicitors, quantity surveyors and insurance providers – further details of claims received (and dividends likely to be paid) are included in the next section.

Although this work has not enhanced recoveries for creditors, it is necessary to ensure queries were dealt with in a timely manner.

Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel

Time posted to this category relates to time spent on various meetings with Solicitors to discuss various matters. Time has also been charged to correspondence with the Company's directors and consultants to understand the positions with each of the debtors and when retentions will become due, as well as in relation to the company's position with HMRC.

As mentioned above, we have held meetings, both in person and virtually, with Quantity Surveyors and solicitors in relation to the contingent claims in respect of sub-contract agreements and collateral warranty guarantees. We have also attended virtual meetings with the Company's directors and two former consultants to discuss matters pertaining to the administration.

Solicitors were instructed to advise on the validity of the secured creditor's security over the Company. Tax advisors were also instructed to assist with assessing the validity of the claim to HMRC in respect of the pre-appointment VAT refund and to complete the outstanding pre-appointment Corporation Tax returns.

Whilst this work has not financially benefitted creditors, it has still been necessary in order to comply with our statutory requirements and allow the orderly progression of this case.

## 5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals and in our progress report for the period 30 September 2021 to 30 March 2022.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

It is estimated that ESB Novus Modus LP will receive a dividend under their floating charge, however we anticipate that they will suffer a significant shortfall.

Preferential and secondary preferential creditors

There are no known preferential claims.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part for unsecured creditors is calculated were provided in our statement of proposals and in previous progress reports.

We have estimated, to the best of our knowledge and belief, the Company's net property prior to deduction of costs, to be £913,553 and the prescribed part of the Company's net property to be c£185,710. Once we are able

to better estimate the level of costs, and are satisfied that all asset realisations have been made, the Joint Administrators will provide creditors with an updated estimate of the Company's Net Property and Prescribed Part.

It is intended that we will distribute an amount to the unsecured creditors in the administration by virtue of the prescribed part.

#### Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors, other than by virtue of the prescribed part, as outlined above.

#### Effect of administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

## 6. REMUNERATION & EXPENSES

Our remuneration has been fixed by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters as set out in the initial fees estimate in the sum of £152,101.55

Our original fees estimate was increased by £93,477.58 on 25 April 2022. This makes the total amount of our approved estimate £245,579.13

We are also authorised to draw expenses for services provided by our firm and/or entities within the Begbies Traynor group, including expenses for services provided by our firm (defined as category 2 expenses in Statement of Insolvency Practice 9), in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 30 March 2022 to 29 September 2022 amount to £82,183.50 which represents 220.4 hours at an average rate of £372.88 per hour.

The following further information in relation to our time costs and expenses is set out at Appendix 2:

- ❑ Time Costs Analysis for the period 30 March 2022 to 29 September 2022;
- ❑ Cumulative Time Costs Analysis for the period 30 September 2021 to 29 September 2022;
- ❑ Begbies Traynor (Central) LLP's charging policy

To 29 September 2022, we have drawn the total sum of £220,000 on account of our remuneration, against total time costs of £257,292 incurred since the date of our appointment.

#### Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly rate charged for each work type. An additional analysis is also attached which details the time costs for the entire period for which we have administered the administration.

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only.

As can be seen from the information above, we have exceeded the limit of our increased, approved remuneration. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The reasons why the approved level of remuneration has been exceeded are as follows:

- ❑ Work associated with the Cavans Way lease surrender including vacation and payment of rent arrears. A great deal of time has been spent liaising with the landlord's agent, ESB and solicitors acting for the Administrators. A draft surrender has had to be negotiated and agreed, together with obtaining details on meter readings, confirmation of removal of chemicals and payment of arrears and building insurance. In addition, considerable time was incurred in obtaining payment from ESB for the arrears of rent/building insurance and setting up the Company in Administration as a payee.
- ❑ Work associated with obtaining access to the Company's Z-Drive and relevant management records. A considerable amount of time has been spent liaising with ESB in gaining access to the Company's historical records and contracts including setting up access accounts and servers for the administrators.
- ❑ Work associated with the Sale of Business & Assets Review which including the Additional Consideration £200,000 and Working Capital Resource Sum £170,000. A large proportion of time has been spent in liaising with the directors and representatives of ESB in reviewing the Asset Purchase Agreement and supporting Excel spreadsheets when reconciling the position regarding these payments.
- ❑ Additional time, that was not anticipated, has been spent liaising with the secured creditor and preparing the necessary documents to obtain consent to extend the administration for the period of 12 months, which included filing the necessary forms.
- ❑ Time has been spent liaising with ESB, accountants and external advisors to understand the position and the implications for the Company and Administrators regarding the role of the Senior Accounting Officer for the Company and providing the necessary notice to HMRC.
- ❑ Work to prepare and file the final pre-administration VAT return and deal with subsequent queries and concerns from HMRC in order to obtain the necessary refund, as detailed earlier in this report;
- ❑ Finally, we have spent time liaising with the Company's' directors and accountants in arranging preparation and submission off the pre-appointment Corporation Tax returns including requesting quotes and the necessary information to allow for the for the work to be completed.

In light of the above, we are obliged to provide the secured creditor with details of the additional work that has been undertaken, and which we propose to undertake, along with details of the cost of that additional work and to seek approval of our increased estimate from them. This information appears at Appendix 2.

#### Category 1 Expenses

We have incurred Category 1 expenses in the sum of £37,873.55 against which £37,833.73 has been drawn to date.

#### Category 2 Expenses

Details of the Category 2 expenses that have been drawn during the period of this report in accordance with the approval obtained in the total sum of £109.35 are as follows:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – incurred travelling from Manchester to the Company's trading premises in Coventry.	109.35
TOTAL	109.35

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

Why have subcontractors been used?

Eversheds Sutherland

Solicitors were instructed to provide legal advice on the validity of the charge holders security and advice on dealing with the lease at Unit 2 Cavans Way, CV3 2SF including prospective surrender/assignment of the same.

We have also held discussions with Solicitors in respect of issues arising with claims of contingent creditors and also in respect of pre appointment payments to creditors.

£18,320.50 has been paid by the administrators in respect of the services obtained.

DLA Piper

Solicitors were instructed to provide advice regarding the Company's Polish subsidiary which is currently in liquidation with a deceased liquidator and no appointed successor.

£3,500 has been paid by the administrators in respect of the services obtained.

Naismiths Limited

Quantity Surveyors were instructed by the Joint Administrators to provide advice in respect of the contingent claims arising because of defective construction works and undergoing a review of retentions due to the Company.

£6,107.50 has been paid by the administrators in respect of the services obtained.

Solve VAT

Tax advisors have been instructed to assist the Joint Administrators in making a claim for pre-appointment VAT due to the Company.

£1,000 has been paid by the administrators in respect of the services obtained.

## 7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3. A cumulative statement of expenses also appears at Appendix 3 which details the expenses incurred since the date of our appointment together with a table of future expenses to be incurred.

Creditors will recall that we estimated that the expenses of the administration would total £24,125.50. Unfortunately, the expenses that we have incurred so far have exceeded that estimate and there will be further expenses to pay before the case concludes. The reasons why the estimate has been exceeded are as follows:

- ❑ A higher level of work for our lawyers than was initially anticipated, including liaising between landlord and sub-tenant of the Company's former trading premises, as well as advice regarding various transactions of the Company prior to its entry into Administration.
- ❑ The necessary instruction of VAT specialists to assist with our reclamation of a c£60,000 VAT refund for the period immediately prior to the administration, which was initially rejected by HMRC.
- ❑ Obtaining legal advice in respect of the Polish subsidiary in Liquidation.

## 8. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

### General case administration and planning

Until this case is concluded, we will continue to perform periodic reviews, in order to ensure that the statutory requirements of the relevant legislation are complied with.

Continuing records will also be made to demonstrate how the case is being administered, and to document the reasons for any decisions that materially affect the case.

Whilst this work will not benefit creditors financially, it is still a necessary part of the general control of the case.

### Compliance with the Insolvency Act, Rules and best practice

Pursuant to The Insolvency Act 1986 and the Insolvency Rules 2016, together with subsequent amendments, over the remaining course of the administration of this estate we will ensure that the case is adequately bonded (an insurance to protect the interests of unsecured creditors in the potential asset realisations on a case)

We will take steps to either extend the period of administration past the extended 12 month period (24 months in total), or to convert it into a Creditors Voluntary Liquidation ("CVL"), both in line with our statement of proposals. We will also produce a Progress Report within a month of every 6-month period, or prior to the conversion to CVL, whichever is appropriate. Should the administration continue, then we will produce reports within a month of every six month period of the date of when the Company entered Administration, which is issued / made available to all creditors and filed with the Registrar of Companies. In CVL such reporting requirements would become annually from the anniversary of the date of conversion from Administration to CVL.

The cashiering duties (bank reconciliations and maintaining accounting records) will also continue to be undertaken by our support staff.

Whilst this work will not benefit creditors financially, it is still required to ensure our files are conducted in a statutory compliant manner.

### Investigations

No further investigations are anticipated.

### Realisation of assets

The specific work to be carried out in relation to realisation of assets includes liaising with the Company directors and secured creditor regarding the Working Capital Resource Sum of £170,000, mentioned earlier in this report.

### Dealing with all creditors' claims (including employees), correspondence and distributions

Until this matter has concluded, we will continue to liaise and respond to general correspondence received from creditors.

The administrators will also adjudicate on any contingent claims quantified and submitted for dividend purposes with assistance from their professional industry advisors.

It is anticipated that there will be a distribution to the secured creditor as well as a distribution to unsecured creditors by way of the prescribed part.

Although this work may not financially benefit unsecured creditors, it will still be required to ensure that their queries are dealt with in a timely manner.

### Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel

Until this matter is concluded, we will continue to prepare / submit tax returns for the periods after our appointment as Joint Administrators.

Meetings will be held where applicable and decisions sought from those parties responsible for the approval of same.

Additionally, we will continue to liaise with company's tax advisors in completing and submitting Corporation Tax returns for periods prior to the administration.

Whilst this work will not financially benefit creditors, it is still necessary to comply with statutory requirements and to ensure the orderly progression of this case.

How much will this further work cost?

As can be seen above, there are additional and unforeseen elements of work which were not envisaged at the onset of my appointment, and which need to be carried out in order to complete my duties. The cost of the additional/unforeseen work is estimated to be £51,905 which is in addition to the remuneration approval we have received. As previously advised, we will need to seek approval of the secured creditor for the fair and reasonable increase in our remuneration. We do not anticipate that we will need to approach creditors for a further increase following this request, unless circumstances greatly change again.

### Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the revised estimate of anticipated expenses attached at Appendix 3.

What is the anticipated payment for administering the case in full?

We estimate that the cost of administering the case will be in the region of £297,500 and consequently we are seeking approval for us to draw our remuneration up to that level. At this stage in the administration, I can estimate that total remuneration drawn will be in the region of £297,500.



## 9. OTHER RELEVANT INFORMATION

### Connected party transactions

Other than the sale of the business and assets to ESB Innovation UK Limited in December 2018, we have not been made aware of any other sales of the Company's assets to connected parties.

### Proposed exit route from administration

#### Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon the registration of such notice our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

#### **Creditors' Voluntary Liquidation**

We confirm that the secured creditor of the Company is likely to receive a distribution, and that a distribution to unsecured creditors is unlikely; however, in the event that available funds permit a distribution of this nature, which is not the prescribed part, a CVL would be necessary.

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration, but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers, and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to creditors' voluntary liquidation to the Registrar of Companies. Upon the registration of such notice our appointment as administrators shall cease to have effect and the Company will automatically be placed into liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (a) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

#### Extension of administration

The administration has been extended for a period of 12 months with the consent of creditors until 30 September 2023.

#### Use of personal information

Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

## 10. CREDITORS' RIGHTS

#### Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

#### Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

## 11. CONCLUSION

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.



Gary Lee  
Joint Administrator

Dated: 21 October 2022

# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 30 March 2022 to 29 September 2022

Statement of Affairs £	From 30/03/2022 To 29/09/2022 £	From 30/09/2021 To 29/09/2022 £

## TIME COSTS AND EXPENSES

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the reporting period from 30 March 2022 to 29 September 2022;
- c. Cumulative Time Cost Analysis for the period of appointment from 30 September 2021 to 29 September 2022; and
- d. Estimated increase to our approved remuneration.

## BEGBIES TRAYNOR CHARGING POLICY

### INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance\* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance\* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

### OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of their staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in 6 minute units at the individual's hourly rate in force at that time which is detailed below.

### EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ☐ Category 1 expenses (approval not required) - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ☐ Category 2 expenses (approval required) - Items of expenditure that are directly related to the case and either:
  - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
  - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

#### Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

\* STATEMENT OF INSOLVENCY PRACTICE 9, (SIP9) – PAYMENTS TO INSOLVENCY OFFICE HOLDERS AND THEIR ASSOCIATES FROM AN ESTATE

- ❑ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 per meeting;
- ❑ Car mileage which is charged at the rate of 45 pence per mile.

Payments anticipated to be made to associates (pursuant to (ii) above)

Services provided by other entities within the Begbies Traynor group

The following expenses which relate to services provided by an entity within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

It may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is presently unknown. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged.

The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

#### General Office Overheads.

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a Category 1 disbursement:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

#### BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally but vary to suit local market conditions. The rates applying to the Manchester office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 January 2022 until further notice
Partner	545
Director	490
Senior Manager	435
Manager	380
Assistant Manager	275
Senior Administrator	240
Administrator	195
Junior Administrator	155
Cashier	155
Secretarial	155

Prior to 1 January 2022 the following rates applied:

Grade of Staff	Charge-out rate (£ per hour) 1 December 2018 – 31 December 2021
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Trainee Administrator	140
Support	140

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead. Time is recorded in 6 minute units.

SIP9 Geothermal International Limited - Administration - 10GE270.ADM : Time Costs Analysis From 30/03/2022 To 29/09/2022

[illegible]



SIP9 Geothermal International Limited - Administration - 10GE270.ADM : Time Costs Analysis From 30/09/2021 To 29/09/2022

[illegible]

## THE ADMINISTRATORS' ESTIMATE OF THE INCREASED FEES THAT THEY WILL INCUR

Further to the information set out in the report, the Administrators anticipate that in addition to their fees estimates dated 16 November 2021 and 8 April 2022 in the sum of £245,579.13 the following further fees will be incurred to conclusion of the administration. Please note that blended hourly rates have been used (as they were for the original estimate) which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column. Details of the hourly rates that will be charged for each level of staff working on the case form part of this appendix.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	21.00	6,470.00	308.10
Compliance with the Insolvency Act, Rules and best practice	21.00	6,470.00	308.10
Investigations	10.00	3,760.00	376.00
Realisation of assets	10.00	3,760.00	376.00
Dealing with all creditors' claims (including employees), correspondence and distributions	54.00	15,995.00	296.20
Other matters incl. seeking decisions of creditors, meetings, tax, litigation, pensions and travel	53.00	15,450.00	291.51
Total hours by staff grade	169.00		
Total time cost by staff grade		51,905.00	
Average hourly rate £			307.13

Accordingly, the Joint Administrators are seeking an increase to their previously approved remuneration. The increase is based on the additional/unforeseen work, the costs of dealing with were not known at the time that the original remuneration basis was sought.

The Administrators propose an increase to their set fee of £51,905 It is anticipated that this additional sum will be sufficient to cover the additional work which is detailed within the body of the report and which falls under the following categories of work:

1. General case administration and planning
2. Compliance with the Insolvency Act, Rules and best practice
3. Investigations
4. Realisation of assets
5. Dealing with all creditors claims (including employees), correspondence and distributions
6. Other matters which include eg seeking decisions from creditors via Deemed Consent Procedures or Decision Procedures / tax / litigation / pensions / travel / other case specific

Please refer back to the body of the report for a more detailed explanation of the future work to be carried out and why this addition to our remuneration is being sought.

We have arrived at this increase by considering the nature and complexity of the work that is necessary to conclude the case, and we also believe that this increase is a fair and reasonable reflection of the same.

Dated: 21 October 2022

## APPENDIX 3

## STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Archiving (Storage)	Restore Plc	26.70	176.35	9.00
Building Insurance	ehB Reeves	486.97	486.97	Nil
Legal Fees & Disbursements	Eversheds Sutherland	18,320.50	18,320.50	Nil
Legal Fees & Disbursements	DLA Piper	3,500.00	3,500.00	Nil
Postage	Postworks Limited	34.57	34.26	30.82
Quantity Surveyors Fees	Naismiths Limited	6,107.50	6,107.50	Nil
Rent	ehB Reeves	7,875.00	7,875.00	Nil
Tax Advisor Fees	Solve VAT	1,000.00	1,000.00	Nil

## CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £
Archiving	Restore Plc	185.35	176.35
Bonding	Insolvency Risk Services	148.50	148.50
Building Insurance	ehB Reeves	486.97	486.97
Legal Fees & Disbursements	Eversheds Sutherland	18,320.50	18,320.50
Legal Fees & Disbursements	DLA Piper	3,500.00	3,500.00
Mileage	Begbies Traynor	109.35	109.35

Postage	Postworks Limited	136.28	105.46
Quantity Surveyors Fees	Naismiths Limited	6,107.50	6,107.50
Rent	ehB Reeves	7,875.00	7,875.00
Statutory Advertising	Courts Advertising Limited	99.45	99.45
Tax Advisor Fees	Solve VAT	1,000.00	1,000.00
Travel	M6 Toll	14.00	14.00

## ADDITIONAL EXPENSES ANTICIPATED FOR FUTURE WORK

Expenses anticipated to be incurred prior to closure of the case	Name of party with whom expense anticipated to be incurred	Amount estimated to cost £
Accountancy Fees	MHA MacIntyre Hudson	1,500
Legal Fees & Disbursements	Eversheds Sutherland	10,000
Archiving	Restore Plc	300
Postage	Postworks Limited	150