

2.24B

The Insolvency Act 1986

Administrators' progress report

Name of Company Clean Power Technologies Limited	Company number 05812360
In the High Court of Justice (full name of court)	Court case number 9708 of 2010

(a) Insert full name(s) and address(es) of administrator(s)

I
Paul Howard Finn
Finn Associates
Tong Hall
Tong
West Yorkshire
BD4 0RR

Joint Administrator of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 06 December 2010

(b) 06 June 2011

Signed



Joint Administrator

Dated

05 July 2010

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the

Finn Associates
Tong Hall
Tong
West Yorkshire
BD4 0RR

DX Number

DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff



A39 07/07/2011 223
COMPANIES HOUSE

THURSDAY

**CLEAN POWER TECHNOLOGIES LIMITED
IN ADMINISTRATION
('the company' or 'CPTL')**

**JOINT ADMINISTRATORS' SIX MONTHLY PROGRESS REPORT TO
CREDITORS PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986
AS AMENDED BY THE INSOLVENCY AMENDMENT RULES 2010**

Names of Joint Administrators:	Paul H Finn Michael Field
Date of Appointment:	06 December 2010
Date of Report:	05 July 2011
Appointed by:	The Directors of the Company
Court Reference:	High Court of Justice No 9708 of 2010

1. Introduction

- 1 1 The administrators were appointed by the director of the company on 06 December 2010 pursuant to filing of statutory notice in due form with the Chancery Division of the High Court of Justice in London. The EC Regulation on Insolvency Proceedings applies in these proceedings which are main proceedings as defined by the Regulation.
- 1 2 Paul Howard Finn is an Insolvency Practitioner licensed by the Institute of Chartered Accountants in England and Wales (licence number 5367), Michael Field is an Insolvency Practitioner licensed by the Insolvency Practitioners' Association (licence number 1586).
- 1 3 Neither the administrators nor any member of Finn Associates had any previous professional relationship with the company or any of its directors or officers.
- 1 4 This document provides information to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended).

2. Statutory Information

Date of Incorporation	10 May 2006		
Company Number	05812360		
Principal Activity	Research and Development of petrol/gasoline hybrid power technology		
Registered Office	Wiston House 1 Wiston Avenue Worthing West Sussex BN14 7QL		
Trading Address	Unit 7/8 E-Plan Industrial Estate New Road Newhaven East Sussex BN9 0EX		
Shareholders	<i>Name</i>	<i>Shares</i>	
	Clean Power Technologies Inc	3 Ord £1	
Directors	Guy F Lindup	appointed	06/09/2010
	James Mason	appointed	30/07/2010
	Michael A Burns	appointed	30/07/2010
Company Secretary	Michael A Burns		
Parent Company	Clean Power Technologies Inc registered in Canada, which holds 100% of the issued share capital		
Debenture Holder	The Quercus Trust, based in Ontario, Canada, hold a debenture dated 08 June 2010 incorporating fixed and floating charges		

3. Events leading to Administration

- 3 1 Events leading to the appointment of the joint administrators were fully covered in our last report to creditors dated 31 January 2011

4. Progress within the administration to date

- 4 1 Immediately upon appointment, the joint administrators conducted a limited review of the company's undertaking
- 4 2 The company's bank account was closed and a sum of £3,972 42 recovered
- 4 3 Although neither recoverable book debts, nor work in progress capable of completion were identified during their initial review, the administrators continued limited trading in the immediate short term in order to preserve the business as a whole. During this period offers were sought for the company's undertaking and assets
- 4 4 As previously reported, an offer in the sum of £100,000 for the business undertaking was accepted upon agent's advice, the purchaser was CPTI Acquisition Company Limited, the full sale consideration being received at completion on 22 December 2010 as follows

	£
Development Plant & Machinery	10,000
General Plant & Machinery	40,000
Motor Vehicles	6,500
Intellectual Property	2,500
Goodwill	37,175
Intangible Assets	1,498
Records	1
Contracts	1
Total	100,000

Due to currency conversion from US dollars, the actual realisation in respect of the transaction was £100,748 14

- 4 5 Agents had confirmed prior to sale that the vast majority of the plant and machinery was deemed classified as fixed plant
- 4 6 A vehicle not included in the transaction above was sold by private treaty through the administrators' agent for £8,000
- 4 7 Shortly prior to the sale completion mentioned at 4 4 above, the entirety of the company's workforce tendered its resignation. Creditors will note from paragraph 6 7 of our earlier report (dated 31 January 2011) that it was envisaged employee claims would not arise, subject to advice from the Redundancy Payments Office (RPO). In the event, the RPO has accepted claims from the employees in respect of unpaid wages and holiday pay, giving rise to a subjugated preferential claim from the RPO in the sum of £15,516 59 leaving a further sum of £21,228 83

comprising the balance of employees' individual claims, to rank preferentially in the administration

- 4 8 The only other remaining potential asset of the company is the possibility of a Research & Development tax refund claim, the viability of which will depend upon whether any agreed amount due to the company would leave a surplus remaining following Crown offset of its current claim in the administration. Specialist taxation advice is being sought in conducting this exercise.

5. Objective of the Administration

- 5 1 The purpose of an administration order is to achieve the following hierarchic objectives

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

- 5 2 Due to the level of the company's indebtedness and its future trading prospects, it was not possible to rescue the company as a going concern

- 5 3 The joint administrators hope in due course to make a distribution under the debenture holder's fixed charge security, further discussed at Section 7 below

6. Receipts and Payments Account

- 6 1 A detailed Receipts and Payments Account appears at Appendix 1 to this report

7. Dividend Prospects

Secured Creditors & The Prescribed Part

- 7 1 The Quercus Trust hold fixed and floating charges (dated 08 June 2010) over the entirety of the company's assets and undertaking. The joint administrators, with the assistance of their appointed solicitors, have undertaken a review of the security and confirmed its validity. The total sum outstanding to the debenture holder at the date of appointment, is understood to be £577,171. The terms of the debenture further incorporated a cross guarantee given by CPTL in respect of monies due to Quercus from CPTL's parent company Clean Power Technologies Inc.

- 7 2 The administrators' appointed agent has confirmed that with the exception of certain chattels having minimum value and motor vehicles realising £14,500

before agent's costs, all other asset realisations to date are caught by the debenture holder's fixed charge, leaving dividend prospects to all other creditors dependent upon achieving a net return arising out of the potential tax recovery noted at 4.8 above

- 7.3 The Enterprise Act 2002 brought into force provisions for a fund designated the 'Prescribed Part', to set aside funds for unsecured creditors from the net realisations of assets subject to a floating charge in a debenture. The minimum level of net realisations that should be preserved for distribution to unsecured creditors is currently set at £10,000
- 7.4 The 'Prescribed Part' provisions may apply in this case, dependent upon the quantum of any net recovery arising from the potential tax refund considered at 4.8 above, creditors will be advised if the position materially alters

Preferential creditors

- 7.5 As noted at 4.7 above, preferential claims total £36,745.42 (i.e. £15,516.59 + £21,228.83). As considered above, a distribution to this class of creditor may be possible, dependent entirely upon the final level of net realisation in the event the Research and Development tax refund is successfully negotiated

Unsecured Creditors

- 7.6 Unsecured claims were included within the Estimated Statement of Affairs in the figure of £3,604,103, of which sum claims totalling £199,568.34 have been received to date. Dividend prospects are entirely dependent upon successful recovery of the potential Research and Development tax claim as considered in detail above

8. Administrators' Remuneration and Disbursements

Pre Appointment costs

- 8.1 Costs of £1,701 representing 5.90 hours at an average hourly rate of £288.31 were incurred in connection with time input prior to appointment in determining that it would be reasonably likely that the purpose of the administration would be achieved, and towards making the appointment. These costs have been paid as an expense of the administration pursuant to the provisions of Rule 2.67 of the Insolvency Rules 1986

Post Appointment costs

- 8.2 The joint administrators' time costs following appointment, up to 06 June 2011 total £41,840.50, representing 173.80 hours input at an hourly average rate of £240.74. These costs are further analysed as follows

SIP9 Analysis post administration to 06 June 2011

Activity Analysis	Hours			Total	Total £	Average per hour £
	Fee Earner	Principal/ Consultant	Manager	Admin Staff		
Administration and Planning		29 90	39 40	12 30	81 60	19,286 50
Realisation of Assets		19 00	6 10		25 10	7,843 50
Creditors		13 60	47 20	6 30	67 10	14,710 50
TOTAL HOURS		62 50	92 70	18 60	173 80	
TOTAL TIME COSTS	£	21,864 00	17,762 50	2,214 00	41,840 50	
AVERAGE HOURLY RATE	£	349 82	191 61	119 03		240 74

8 3 During the course of the administration, £41,750 has been drawn on account of fees, in accordance with sanction received from the fixed and floating chargeholder. An explanation of tasks undertaken according to their respective activity analysis is attached as Appendix 2 to this report together with a note detailing how Finn Associates' internal costs and expenses (category 2 disbursements) are charged]

8 4 In accordance with the Statement of Insolvency Practice No 9 (SIP9) issued by R3, the Association of Business Recovery Professionals, a copy of the Creditors' Guide to Administrators' Fees can be downloaded from the R3 website at www.r3.org.uk/publications/. Should any creditor require a paper copy of SIP9 please so advise and the joint administrators will forward one accordingly.

8 5 In accordance with the joint administrators' proposals as ratified, the joint administrators are to be reimbursed for any expense or necessary disbursements properly charged or incurred. Disbursements charged during the period total £895 31 and are analysed as follows:

	£
Travel	597 10
Identity Check /	
Company Search	75 00
Facsimile	7 50
Photocopying	121 39
Postage	94 32
Total	895 31

9 End of Administration

9 1 The practical options open to the joint administrators for exit of the administration are as follows:

- Creditors' voluntary liquidation

- Company voluntary arrangement (CVA)
- Deregistration of company (striking off)

9 2 For reasons noted previously, it will not be possible to rescue the company as a going concern through a CVA procedure, nor at this stage would it be possible to make a distribution to unsecured creditors. Accordingly, the joint administrators consider the likely route out of administration will be through a dissolution of the company.

9 3 Creditors will however note from the administrators' proposals (as approved) that the exit route has been left open to facilitate the adoption of an alternative strategy, should the position materially alter.

10. Other Matters

10 1 A report under Section 7(3) of the Company Directors' Disqualification Act 1986 and Rule 4(4) of the Insolvent Companies (Reports on Conduct of Directors) Rules 1996 has been submitted to the Secretary of State.

10 2 Any secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of all unsecured creditors, have a period of 21 days from the date of receipt of this report, to request further information in respect of the joint administrators' remuneration and expenses.

10 3 Any secured creditor, or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors (or with permission of the Court) may make an application to the Court on the grounds that the remuneration or expenses charged by the joint administrators are excessive, or the basis on which they are determined is inappropriate, any such application must be made within eight weeks of the date of receipt of this report.

Dated the 05 day of July 2011



Paul H Finn
Joint Administrator

APPENDIX I

**JOINT ADMINISTRATORS' ABSTRACT OF RECEIPTS AND
PAYMENTS TO 06 JUNE 2011**

Clean Power Technologies Limited
(In Administration)

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 06/12/2010 To 06/06/2011 £
RECEIPTS		
Sale of Business (inc Plant, Machinery & Equipment)	39,000	100,748
Motor Vehicles	6,000	8,000
Cash at Bank	4,000	3,972
Insurance Claim		200
Bank Interest Gross		11
	<u>49,000</u>	<u>112,931</u>
PAYMENTS		
Specific Bond		330
Administrators' Fees		41,750
Administrators' Disbursements		895
Agents/Valuers Fees		7,580
Legal Fees		23,395
Telephone Telex & Fax		410
Statutory Advertising		147
Staff Travelling Expenses		898
Vat Receivable		1,055
		<u>76,460</u>
BALANCE - 06 June 2011		<u>36,470</u>

*Note The balance in hand is held in an interest bearing account at the Royal Bank of Scotland
The figures are shown Net of VAT

APPENDIX 2
CREDITORS' GUIDE TO FEES AND COSTS

Creditors' Guide to the Fees, Expenses and Disbursements charged by Finn Associates
Rates applicable from 01 January 2011

Insolvency Practitioner's Licensing Body

Paul Howard Finn (no 5367) is licensed by The Institute of Chartered Accountants in England and Wales, Chartered Accountants' Hall Moorgate Place, PO box 433, London, EC2R 6EA

Michael Field (no 1586) is licensed by the Insolvency Practitioner's Association, Valiant House, 4 – 10 Heneage Lane, London, EC3A 5DQ

Insolvency Practitioners' Fees

Where it has been agreed by resolution of the creditors or the creditor's committee that the office holder's remuneration will be calculated by reference to the time properly given by the insolvency practitioner and his staff in attending to matters arising in the administration, then such remuneration will be calculated in units of 6 minutes at the following hourly rates

Grade	Hourly Rate Standard £	Hourly Rate Complex £
Principals/Consultants	285 – 415	465 – 545
Managers	185 – 275	295 – 395
Administrators	135 – 185	
Assistants / Support Staff	35 – 140	

Charge out rates are exclusive of valued added tax and subject to an annual review. Creditors will be advised of any alteration thereto

In cases of exceptional complexity, the insolvency practitioner reserves the right to seek authority from the secured creditor(s), the committee or the creditors generally that remuneration shall be fixed either by reference to the higher complex hourly rate noted above or as a percentage of the value of the assets which are realised or distributed or both. For remuneration purposes the insolvency practitioner's staff includes other directors and consultants within Finn Associates together with Finn Associates employees

Expenses and Disbursements

Category 1 – Disbursements charged at actual cost

The payment of Category 1 disbursements will be a charge against the estate to recover the costs of the actual disbursement, including insolvency bonds, oath fees, company searches, redirection of mail, accommodation and subsistence, hire of meeting rooms or any other miscellaneous item paid out in respect of the administration of the estate. A separate amount will be charged by way of an expense to recover the cost of Category 2 disbursements provided by the insolvency practitioner's firm

Category 2 – Disbursements involving a service provided by the Insolvency Practitioner's firm

Category 2 disbursements will include storage of company's books and records at the insolvency practitioner's own storage facility. The books and records will be stored in archive boxes and a storage fee will be charged at the rate of £5.50 per box per year. This charge covers the transportation of records from the company's premises, storage and retrieval of books and records in storage for administration purposes. The provision of boxes is charged at £3.10 per box and the destruction of such books and records 15 months after the completion of the insolvency administration is charged at £3.75 per box

The charge for the use of in-house meeting rooms will be a flat rate of £100 per meeting. This includes where requested, the use of computer and media facilities and refreshments

Travelling by motor vehicle on business for the administration of the insolvency will be charged to the estate per mile at the appropriate rate currently published by the "AA" for the type of vehicle and engine size used

All circulars will be sent out by first class post, with the actual cost of postage charged as a Category 1 disbursement. Stationery and photocopying will be charged out at a flat rate per sheet depending upon the size of the circular run, viz

No of Sheets	Pence per Sheet
1 - 25	25
26 – 50	12
51 plus	7

Telephone, mobile, email and facsimile costs are recovered using actual facsimiles received and sent as a cost centre, charged at £1.50 per sheet outgoing and £0.75 per sheet incoming

Identity checks are carried out on (amongst others) all instructing directors. These form part of our obligations under the Money Laundering Regulations and are charged at £25 per identity check. Company searches are charged at £50 per company

All 'Category 2' charges are subject to periodic review, notice of which will be provided to creditors as part of the normal reporting procedure

Professional Indemnity

Finn Associates hold Professional Indemnity cover with CNA Insurance Company Limited. The limit of each claim is £1.25m and the cover holds worldwide jurisdiction excluding USA and Canada

Complaints Procedure

In the first instance any complaints should be addressed in writing to Paul Finn at Finn Associates, Tong Hall, Tong, West Yorkshire, BD4 0RR

In the event that any complaint is not rectified to your satisfaction then further representations may be made to the respective Insolvency Practitioner's licensing body, details of which can be found on at the top of this information sheet

Notes to the time and charge-out summary

Classification of work function

The headlines provided in the analysis are as set out in best practice guidelines and include but are not limited to the following

1. Administration & Planning

- Case planning
- Case set up routines
- Companies House Searches
- Periodic partner/manager reviews
- Correspondence with solicitors
- Securing the premises/liaising with advising agents
- File maintenance
- Client identity checks
- Ethical/compliance checks
- Filing documents at Companies House
- Advertising
- Preparing & issuing notices as required by the Insolvency Act 1986
- Case closure

2. Creditors

- Ongoing correspondence with company's unsecured creditors
- Agreeing claims of unsecured creditors
- Ongoing liaison with HM Revenue & Customs
- Liaison with secured creditors
- Reporting to unsecured creditors

3. Asset Realisation

- Negotiations in respect of a sale of the business
- All correspondence with associated parties relating thereto
- Action regarding recovery of other monies owed

4. Investigation

- Investigation into demise of the Company
- Statutory reporting to the Insolvency Service
