

AM03

Notice of administrator's proposals

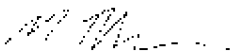


Companies House

For further information, please
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1	Company details		
Company number	0 6 1 6 0 3 8 9	Filling in this form Please complete in typescript or in bold block capitals	
Company name in full	Source One Environmental Limited		
2	Administrator's name		
Full forename(s)	Mark		
Surname	Thornton		
3	Administrator's address		
Building name/number	Central Square		
Street	29 Wellington Street		
Post town	Leeds		
County/Region			
Postcode	L S 1 4 D L		
Country			
4	Administrator's name ^a		
Full forename(s)	Francis Graham	^a Other administrator Use this section to tell us about another administrator	
Surname	Newton		
5	Administrator's address ^a		
Building name/number	Central Square	^a Other administrator Use this section to tell us about another administrator	
Street	29 Wellington Street		
Post town	Leeds		
County/Region			
Postcode	L S 1 4 D L		
Country			

AM03
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7	Sign and date	
Administrator's Signature	<div><div><div>✕</div></div><div></div><div><div>✕</div></div></div>	
Signature date	2 '4 '1 "2 '2 '0 '2 '0	

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.

Full name **Mark Thornton**

Company name **BDO LLP**

Address **5 Temple Square
Temple Street**

Postcode **Liverpool**

Registration number

Number **L 2 5 R H**

Country

City

Telephone **01512 374 500**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email 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

**Source One Environmental Limited
In Administration
Registration Number: 06160389**

Statement to Creditors pursuant to Rule 3.35 of
the Insolvency (England and Wales) Rules 2016
and Statement of Proposals under Paragraph 49 of
Schedule B1 to the Insolvency Act 1986



TABLE OF CONTENTS

Section	Page
1. Introduction	4
2. Background and Events Leading up to the Appointment of the Joint Administrators	5
3. Statement of Affairs and Statutory Information.....	6
4. Achieving the Purpose of the Administration.....	6
5. Management of the Company's affairs since the Joint Administrators' appointment.....	7
6. Creditors' claims	9
7. Investigation.....	10
8. Other matters	10
9. EC Regulations on Insolvency Proceedings	11
10. Pre-administration Costs	11
11. Joint Administrators' Remuneration	12
12. Joint Administrators' Disbursements.....	13
13. Possible outcomes for the Company and Creditors	13
14. Statement of Proposals under Paragraph 49 of 'Sch. B1 to the Act'	13
15. Notices of Decision Procedures.....	14

CONTENTS CONTINUED...

Appendix 1	Statutory Information
Appendix 2	Statement of Affairs
Appendix 3	Receipts and Payments
Appendix 4	Time Cost Summary
Appendix 5	Fees Estimate
Appendix 6	BDO LLP Policy in Respect of Fees and Expenses
Appendix 7	Notice of Deemed Consent
Appendix 8	Notice of Arranging a Decision Procedure for Creditors by Correspondence
Appendix 9	Decision Procedure by Correspondence Form
Appendix 10	Proof of Debt Form
Appendix 11	Creditors' Questionnaire
Appendix 12	SIP 16 Statement

SOURCE ONE ENVIRONMENTAL LIMITED - IN ADMINISTRATION

Registered No: 06160389

Registered office situated at Endeavour Works, Newlands Way Wombwell, Barnsley, S73 0UW to be changed to c/o BDO LLP 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

In the High Court of Justice, Business and Property Courts in Leeds, Insolvency and Companies List (ChD)

Court Reference: CR-2020-LDS-000889

1. Introduction

Mark Robert Thornton (officeholder number: 25650) licensed and authorised by the Institute of Chartered Accountants in England & Wales in the UK and Francis Graham Newton (officeholder number: 9310), licensed and authorised by the Insolvency Practitioners Association in the UK both of BDO LLP, 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL were appointed Joint Administrators of Source One Environmental Limited ('the Company') on 21 December 2020.

This report is addressed to the creditors of the Company and incorporates the Joint Administrators' proposals ('the Proposals'). The Proposals are to be considered by the creditors through a deemed consent procedure. In addition, we attach a notice of decision procedure by correspondence to allow creditors to consider if a creditors' committee should be formed, together with other resolutions in respect of approval of the pre-Administration costs and the Joint Administrators' remuneration and disbursements. The initial decision date is 18 January 2021.

In order to object to the Proposals, a creditor must deliver to us, at the address below, by no later than 18 January 2021, a written notice stating that the creditor objects to the resolutions. Additional information about the deemed consent procedure for approval of the Proposals is contained at Appendix 7, Notice of Deemed Consent.

Creditors may approve the Proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject the Proposals a report will be sent to the High Court of Justice, Business and Property Courts of England and Wales, Leeds Combined Court Centre confirming that the creditors have rejected the Proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.

If the Proposals are agreed by the creditors the Joint Administrators will continue to control the business of the Company to the extent that it has not ceased or been transferred. The Joint Administrators would at some later date arrange for the Company to exit from the Administration, as agreed by the creditors. Based on the information presently available and the current situation the Joint Administrators' proposal is that the Company will move from Administration to Creditors' Voluntary Liquidation ('CVL').

This report should be read in conjunction with the Statement of Insolvency Practice 16 (pre-packaged sale in Administrations) statement ('SIP16') provided as Appendix 12.

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

Creditors may access information setting out creditors' rights in respect of the approval of the Joint Administrators' remuneration at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

2. Background and Events Leading up to the Appointment of the Joint Administrators

Background

The Company operates as a national supplier of specialist innovative trenchless technologies to the sewer & drainage repair market from leasehold premises in Barnsley with 15 employees.

The Company is 100% owned by Flex-Seal Couplings Limited (Flex-Seal), which is owned by Fernco Inc based in the US (collectively the 'Group').

The Company is defending a legal claim (relating to an alleged historical patent breach associated with products no longer sold by the Company) which is being progressed through the US judicial system.

The Company's legal costs for defending the claim over the coming weeks/months were estimated to be c\$1m based on estimates from the Company's US based solicitors.

In a scenario whereby the Company was unsuccessful in defending the claim, it was anticipated that the Company could have become liable to pay a multi-million dollar settlement.

Given the estimated legal costs in defending the claim, coupled with the liability that could have arisen if the Company was unsuccessful in defending the claim, the Company's Directors were concerned with regards to the Company's financial position and sustainability.

Independent legal advice provided to the Company confirmed that abandoning the defence of the litigation would potentially be prejudicial to the interests of the wider pool of creditors and consequently was not an option for the Company.

On 10 November 2020, the Company engaged BDO LLP ('BDO') to review the current financial position and summary options available including consideration of estimated outcomes for each relevant insolvency option. The engagement also included preparatory work with regards to a potential accelerated sale ('AMA') process ('Phase 1 Work').

Based on our review of the Company's financial position, it was determined that:

- In the absence of third party funding for the on-going US litigation costs, the Company would imminently become cash flow insolvent;
- Given the financial position of the Company, and in particular the on-going litigation, a solvent solution was highly unlikely to be deliverable given the on-going legal costs and inherent risks attached to the litigation claim; and
- In an insolvency scenario, the best outcome for creditors would likely be delivered by way of an insolvent sale of the business and assets on a going concern basis (if achievable). It was concluded that this would likely result in a better realisation of the Company's assets when compared with an ex-situ sale (i.e. piecemeal sale of assets) whilst mitigating preferential and unsecured claims which would crystallise if trading ceased and the employees were made redundant.

Following a review of our Phase 1 Work report and conclusions, the Company engaged BDO on 24 November 2020 to commence an accelerated sale (AMA) process with a view to exploring business and asset sale options ('Phase 2 Work').

In addition, the scope of the Phase 1 Work was extended by way of an Addendum letter dated 20 November 2020 to include further insolvency planning work given the likelihood of an imminent insolvency.

Events Leading up to the Appointment of the Joint Administrators

The AMA process (detailed in the SIP16 statement at Appendix 12) resulted in two offers being received for the business and assets, one from a private equity backed trade party and one from the existing shareholder (via a special purchase vehicle (dormant subsidiary), being S1E Limited 'S1E'). Both offers assumed a business and assets sale by way of a pre-packaged transaction following the appointment of Administrators.

Given that a sale of the business and assets had a realistic chance of being delivered, on 11 December 2020, the Directors of the Company filed a Notice of Intention to Appoint Administrators ('NOI') with a settled intention to appoint Administrators to complete a proposed sale of the business and certain assets.

Based on BDO's Phase 1 Work, a going concern sale was determined to deliver the best outcome for creditors generally whilst mitigating against further cash outflows, relating to the US litigation, ultimately to the detriment of creditors.

Two additional parties, which were not included in the initial notifications to potential interested parties on 27 November 2020 were contacted on 10 December and 11 December 2020 respectively. The rationale and background regarding these two parties is detailed in (the SIP16 statement at Appendix 12).

Despite contacting the two additional parties mentioned above, no further interest or offers for the business and assets was forthcoming. Consequently, following a detailed review of the two offers received, it was clear that the offer relating to the sale of the business and certain assets from S1E would result in a better outcome to creditors as a whole.

This conclusion was supported by a recommendation from third party valuation agents Sanderson Weatherall LLP ('SW'), who supported the estimated outcome statement work.

Solicitors, Womble Bond Dickinson (UK) LLP ('WBD'), were therefore engaged by us, as proposed Administrators, to prepare a Sale and Purchase Agreement ('SPA') in order for the sale to be completed to S1E immediately following our appointment.

Following agreement of the SPA with the solicitors acting for S1E, on 21 December 2020, the Directors of the Company filed the Notice of Appointment of Administrators and we executed the sale of the business and certain assets to S1E immediately following confirmation of our appointment.

3. Statutory Information and Statement of Affairs

The Company's Statutory Information is provided at Appendix 1.

We attach at Appendix 2 a summary of the Directors' estimated Statement of Affairs ('SofA') as at 21 December 2020. The SofA has been prepared from the Company's records and information available. We have reviewed the SofA but have not carried out any audit or detailed verification work at this time.

4. Achieving the Purpose of the Administration

The statutory purpose of an Administration consists of three objectives which are annotated below together with our comments with regards to each objective.

Please note that the objectives are in hierarchy and as Administrators of the Company we should only move to next objective if we determine that the previous objective cannot be achieved.

- (a) The first objective is rescuing the Company as a going concern (ie restructuring the Company's business, resulting in the survival of the Company).

Absent any additional funding (noting that this option was considered and explored) and absent any offers for the shares via the AMA process, there is no prospect of the Company being rescued as a going concern. As such, this objective cannot be achieved.

- (b) The second objective of 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).

Given that the sale of the business and assets to S1E will result in enhanced assets realisations compared to alternative options, the purchaser will pay down up to £350,000 of trade creditors post completion and all the employees will transfer under TUPE to the purchaser (resulting in the mitigation of preferential and unsecured creditor claims) we are of the opinion that this objective will be achieved.

- (c) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors.

Given that we expect to achieve objective (b) this objective is not relevant.

Notwithstanding the above, the realisation of the Company's assets via a pre-packaged sale of the business and assets will facilitate a distribution to the preferential creditors (being HMRC following a recent change to the Crown preferential status). Consequently, this objective will also be achieved.

5. Management of the Company's Affairs since the Joint Administrators' appointment

Sale of Business and Certain Assets

As advised, immediately following our appointment on 21 December 2020, a sale of the business and certain assets, which was finalised as part of our pre-appointment work, was completed to S1E for a combined consideration of £1,008,802.

As detailed in our initial letter to creditors, S1E are a connected company defined by Section 249 and 435 of the Insolvency Act 1986.

Attached at Appendix 12 is our SIP16 statement which provides details with regards to the sale process and rationale for progressing and completing the sale to S1E. Notwithstanding the above, a summary of the sale consideration received pursuant to the terms of the SPA is as follows:

	Sale Consideration (£)
Fixed Assets	
Goodwill	1
Equipment	75,000
Total	<u>75,001</u>

Floating Assets

Stock & Work in Progress	370,972
Contracts	1
Business Information and Records	1
Intellectual Property Rights	1
Licensed Software	1
Domain Names	1
Debtors	562,824
Total	933,801

Total Consideration	1,008,802
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The consideration has been paid in full to our solicitor's client account and will be transferred to our Administration bank account shortly.

The sale consideration includes an estimate for the closing debtor and stock positions as at 16 December 2020 and will be subject to verification and adjustment pursuant to the terms of the SPA. Consideration for these two assets may therefore change from the figures stated above once this exercise has been completed. Whilst adjustments are expected to be relatively small, the SPA includes protection such that the final adjusted consideration for debtors and stock will not be less than £840,000 and the total consideration will not be less than £915,006.

In accordance with the terms of the SPA, S1E will also pay down up to £350,000 of trade creditors thereby reducing the total level of unsecured claims in the process which will enhance the funds available to distribute to the remaining unsecured creditors.

Additionally, all the Company's employees (15 in total) transferred to S1E immediately following completion of the sale agreement pursuant to Transfer of Undertakings (Protection of Employment) Regulations ('TUPE'). Consequently, by securing a sale of the business and certain assets, and thereby avoiding the need to make any redundancies, no preferential claims or unsecured claims arising from a redundancy process will crystallise in the Administration. This will therefore enhance the level of the dividend available to unsecured creditors for dividend purposes.

Assets Excluded from the Transaction***Cash at Bank***

At the date of appointment, the Company held bank accounts with credit balances totalling c£320,000. The Joint Administrators will seek to recover these funds for the benefit of the creditors.

Pre-payments

The Company's management accounts (as at 31 October 2020) show that there are pre-payments totalling £52,057. We will review the records in order to determine whether these are realisable for the benefit of creditors.

Other Assets

Other assets (totalling £23,860 per the management accounts as at 31 October 2020) relates to a revaluation of exchange rates between the Company's bank accounts in 2019. As such, this is not considered to be a realisable asset.

Leasehold Property

The Company operated from a leasehold property in Barnsley.

In order for S1E to trade following the completion of the sale agreement, the Company has entered into a Licence to Occupy ('LTO') for up to 6 months. To protect creditors' interests, S1E has pre-paid the Company's passing rent for the first 3 month period. These funds are held in our solicitor's client account and will be transferred to the Administration bank account shortly.

We understand that S1E will either seek to novate the lease or alternatively enter into a new lease with the Landlord.

Assets**6. Creditors' Claims*****Secured Creditors***

The Company granted a fixed and floating charge to the Royal Bank of Scotland PLC ('the Bank') which was created on 7 December 2012. However, based on the Company's books and records, there is no indebtedness due from the Company to the Bank.

Subject to confirmation of the above following our appointment, we do not anticipate that there will be any claim from the Bank in the Administration.

Preferential Creditors

Preferential creditor claims represent monies due to former employees in respect of certain arrears of wages (capped at £800 per employee), any accrued holiday pay, certain pension arrears and direct taxes (VAT, PAYE, Employee NIC deductions, Student loan deductions and Construction Industry Scheme deductions) owed to HM Revenue and Customs following a recent change to the Crown's preferential status.

Given the employees transferred to S1E, any employee related preferential claim will be limited to pension arrears deducted but not paid prior to the appointment and unpaid VAT.

Based on the Director's Statement of Affairs, preferential claims are estimated to total £196,398.

These claims will be reviewed and agreed for dividend purposes.

Based on current information, we anticipate preferential creditors will be paid in full albeit the timing is uncertain at this stage and will be subject to review and adjudication.

Prescribed Part ('PP')

Under the provisions of Section 176A of the Act, we must state the amount of funds available to unsecured creditors in respect of the PP. This provision only applies where the Company has granted a floating charge to a creditor after 15 September 2003.

On the basis the Company granted a floating charge to the Bank on 7 December 2012 the PP provisions will apply. However, given that there is no indebtedness to the Bank (to be verified following our appointment), the PP will not apply in this case.

Unsecured Creditors

The Director's Statement of Affairs details estimates unsecured creditor claims of £2,144,143.

In order to submit a claim, please complete the proof of debt form (enclosed at Appendix 10) and return it to us at BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH or via email to BRCMTNorthandScotland@bdo.co.uk.

Any claims received will be subject to review and adjudication, noting that certain trade creditor claims will be paid by S1E separately pursuant to the terms of the SPA. Please also note that as Administrators we do not have the authority to review and adjudicate unsecured creditor claims. This exercise will therefore be undertaken by a Liquidator, if and when appointed.

On present information, we anticipate that there will be sufficient funds available to pay a dividend to the unsecured creditors. Consequently, it is likely that the Company will move from Administration to CVL in order for the Liquidators to review the claims and progress to pay a dividend.

The timing of the dividend is currently uncertain and the quantum will be determined by the level of assets realisations, costs of the Administration and subsequent CVL, the level of the preferential claims agreed and paid and the level of unsecured creditor claims received and agreed.

7. Investigation

We have a duty to investigate the affairs of the Company to establish if there are any actions that can be pursued for the benefit of the creditors as a whole and also the conduct of the Directors and former Director who were in office three years prior to our appointment.

In respect of the latter we must submit a confidential report to the Secretary of State regarding the conduct of the Directors and former Directors (including shadow Directors if applicable) within three months of our appointment.

If creditors wish to bring to our attention any matters that merit investigation they should contact us at BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH quoting reference 00339750. A questionnaire for creditors use in this regard is enclosed at Appendix 11.

8. Other matters

The Insolvency Service has established a central gateway for considering complaints in respect of insolvency practitioners. In the event that you make a complaint to us, but are not satisfied with the response, then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

Creditors may wish to establish a creditors' committee. A committee must comprise between three and five committee members. A guide to creditors' committees is available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>. This provides guidance to allow creditors to know what the purpose of a committee is and be able to assess whether the creditor would like to be a committee member. If creditors wish to establish a creditors' committee, they should provide their consent on the attached Decision Procedure forms at Appendix 8 and 9.

9. EC Regulations on Insolvency Proceedings

We are required under the Insolvency (England and Wales) Rules 2016 ('the Rules') to state whether and if so the extent the EU Regulation 2015/848 ('the Recast Regulation') applies to the Company in Administration. We can confirm the Recast Regulation applies to the Company and these are the main proceedings as defined in the Recast Regulation.

10. Pre-Administration Costs

Certain costs were incurred in preparing and planning for the Administration. Allowable costs fall into the following categories:

- (i) the fees charged by the Joint Administrators;
- (ii) the expenses incurred by the Joint Administrators;
- (iii) the fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner.

Under Rule 3.35(10) of the Rules, the table below summarises the costs incurred and also, where relevant, records payments received.

	Costs Incurred (£)	Payments Received (£)	Costs Outstanding (£)
(i)	48,562.85	Nil	48,562.85
(ii)	23,701.00	Nil	23,701.00
(iii)	Nil	Nil	Nil
TOTAL	72,263.85	Nil	72,263.85

We now explain in more detail the facts behind the above and the fees and expenses incurred by us and our staff in preparing for the appointment.

(i) The fees charged by the Joint Administrators

The following remuneration has been paid to BDO in respect of pre-appointment engagements:

- Engagement letter dated 10 November 2020 and subsequent addendum letter dated 20 November 2020 (options, AMA and insolvency planning) - £20,500 plus VAT; and
- Engagement letter dated 24 November 2020 (AMA process) - £22,500 plus VAT.

These costs have been paid by the Company pursuant to our letters of engagement referred to above.

We have also incurred additional time costs totalling £48,562.85 for work undertaken by us and our staff in preparing for the Administration. This can be summarised as follows:

- Liaising with and obtaining information from Management in order to comply with statutory matters on appointment;
- Correspondence with our solicitors with regards to the drafting and finalisation of the SPA and LTO;
- Liaising with professional valuing agents with regards to the valuation of certain assets;

- Liaising with insurers with regards to the imminent appointment;
- Liaising with solicitors with regards to the preparation court documents for the appointment; and
- Setting up internal files and complying with internal policies and procedures.

Elements of the work noted above were completed prior to the filing of the Notice of Intention to Appointment Administrators (being 11 December 2020). Consequently, on the basis the Directors had a settled intention to appointment Administrators from that date, we intend to seek approval from creditors, via a decision procedure by correspondence, for a proportion of the time costs incurred by us and our staff from 11 December 2020 up to the date of appointment. Our time costs from 11 December 2020 up to the date of our appointment totals £32,364. We are, however, seeking approval from creditors to be paid £25,000 plus VAT of this amount.

These costs were essential in order to secure the delivery of the pre-packaged Administration.

(ii) The expenses incurred by the Joint Administrators

In preparation for the Administration the following disbursements and expenses have been incurred by the Joint Administrators.

In order to complete the sale of the business and certain assets to S1E, solicitors, Womble Bond Dickinson (UK) LLP ('WBD'), were engaged to prepare the SPA, the LTO, specific advice with regards to the appointment and also assist with the preparation and filing of the appointment documents at Court. These costs were necessary to complete the pre-packaged Administration.

WBD have incurred time costs of £23,701 in respect of the above.

In accordance with the Rules, WBD's costs will be subject to approval by the creditors via a decision procedure by correspondence

(iii) the fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and, if more than one, by each separately)

We are not aware of any other person qualified to act as an insolvency practitioner having acted in relation to the Company immediately preceding our appointment.

At the end of our Proposals, we include resolutions in respect of the pre-Administration costs (noted above). If a creditors' committee is appointed it will be responsible for considering and approving these costs, otherwise it will be a matter for the general body of creditors.

11. Joint Administrators' Remuneration

Rule 18.16 of the 'the Rules' provides how Administrators may be remunerated. This permits remuneration to be fixed either:

- (i) as a percentage of the value of the property with which the Joint Administrators have to deal,
- (ii) by reference to the time the Joint Administrators and their staff spend in attending to matters in this Administration in accordance with a Fees Estimate,
- (iii) as a set amount,
- (iv) or a combination of any of the foregoing bases.

Attached at Appendix 4 is a schedule that summarises the time that has been spent in dealing with this Administration up to the date of this report. The time incurred to date

(which is all pre-appointment) shows a total of £48,563, which represents 122 hours spent at an average charge out rate of £398 per hour.

In respect of this Administration, we propose that our fees be based on BDO's normal charge-out rates for the time properly incurred by us and our staff in attending to matters arising in the Administration, as set out in the Fees Estimate attached at Appendix 5.

Creditors may access information about creditors' rights in respect of the Joint Administrators' remuneration at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

We include at the end of our Proposals resolutions in respect of our remuneration. Given that there will be sufficient funds available to enable a distribution to the unsecured creditors, it will be the responsibility of the creditors' committee (if appointed) or, absent a creditors' committee, the general body of creditors to approve our remuneration.

12. Joint Administrators' Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements.

Some Administrators often charge expenses for example printing, stationery, photocopying, telephone and other electronic communications, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors before they can be drawn and these are known as category 2 disbursements. The policy of BDO LLP in respect of this appointment is not to charge disbursements that are not specific to the case.

A further disbursement under this heading is the cost of travel where staff use their own vehicles or company cars travelling in connection with the insolvency. In these cases, a charge of 45p per mile is raised, which is in line with HM Revenue and Customs approved mileage scale, which is the amount the firm pays to its staff. This category 2 disbursement will be subject to the approval of creditors.

No disbursement have been accrued since the commencement of the Administration.

Included within the proposals below is a resolution regarding the Joint Administrators' category 2 disbursements, although if a creditors' committee is appointed, approval of the Joint Administrators' remuneration and category 2 disbursements will be the committee's responsibility. Absent a creditors' committee, it will be the responsibility of the general body of creditors to approve.

Attached at Appendix 6 is a document that outlines the current policy of BDO in respect of fees and disbursements.

13. Possible outcomes for the Company and Creditors

The Insolvency Act 1986 and the Rules provide a variety of options regarding the possible exit routes for the Company from the Administration, being primarily a Company Voluntary Arrangement, Liquidation or dissolution of the Company.

It is the Joint Administrators' recommendation and proposal, as detailed below, that once realisations are sufficiently completed the Company should move from Administration to CVL and that Mark Robert Thornton and Francis Graham Newton be appointed Joint Liquidators. The choice of Liquidators is a matter for the creditors to consider.

14. Statement of Proposals under Paragraph 49 of Sch. B1 to the Act**Formal Proposals - the Joint Administrators propose that:**

- (a) They continue to manage the Company's business and realise assets in accordance with Objective (b) of the statutory purpose of the Administration, and.
- (b) They exit the Administration by way of a CVL and that Mark Robert Thornton & Francis Graham Newton will be the Joint Liquidators and will act jointly and severally.

NB. Under Paragraph 83(7) of Sch. B1 to the Act and Rule 3.60(6)(b) creditors may nominate different Liquidators provided that the nomination is made after the receipt of the proposals and before the proposals are approved, but in the absence of such nomination the above named would become the Joint Liquidators.

OTHER RESOLUTIONS FOR APPROVAL, THAT:

- (c) That a creditors committee be established if sufficient creditors are willing to be members. (Such committee must comprise of between 3 and 5 creditors))

In the absence of a creditors' committee:

- (d) The Joint Administrators' pre-appointment fees of £25,000 plus VAT be approved as an expense of the Administration;
- (e) The Joint Administrators' pre-appointment expenses of £23,701 plus VAT be approved as an expense of the Administration;
- (f) The remuneration of the Joint Administrators is approved on a time costs basis as set out in the Fees Estimate; and
- (g) The Joint Administrators' category 2 disbursements be approved on the basis of the mileage scale approved by HMRC, being 45p per mile unless otherwise disclosed to creditors.

15. Notices of Decision Procedures

Resolutions **(a) and (b)** will be dealt with using the deemed consent procedure. Unless 10% in value of the creditors of the Company object by the decision date, the resolutions will be deemed to have been made on the decision date.

Creditors, including creditors claiming a small debt (£1,000 or less), who wish to object must send us a proof of debt ('PoD') form with a written notice of their objection. Creditors who have small debt of £1,000 or less must send us a PoD form in order to object, even though they may receive dividends without sending a PoD form. Additional information regarding the deemed consent procedure is set out in Appendix 7, Notice of Deemed Consent.

Resolutions **(c) to (g)** will be dealt with using the postal resolution procedure. Creditors are requested to use the attached postal resolution form to vote on this resolution. The decision date for postal resolutions in this case is 18 January 2021 - you should return the postal resolution form to us by this date.

If you have not already done so, you will need to send me a PoD form for your postal resolutions to be included in the decision. Creditors with a 'small debt' of £1,000 or less must send a PoD form for their postal resolution to count, even though they may receive dividends without sending a PoD form. Additional information regarding the postal

resolution procedure is set out in Appendix 8, Notice of Arranging a Decision Procedure for Creditors by Correspondence.

We will summon a physical meeting with respect to:

- (A) Resolutions (a) and (b); or
- (B) Resolution (c) to (g); if

(1) asked to do so by

- (a) those creditors whose debts amount to at least 10% of the total debts of the Company; or
- (b) 10% in number of creditors; or
- (c) 10 creditors; and

(2) the procedures set out in Appendix 7, Notice of Deemed Consent, or Appendix 8, Notice of Arranging a Decision Procedure for Creditors by Correspondence, are followed.

Requests for a physical meeting must be made within five (5) business days of the date on which these proposals were delivered. The expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

Dated: 24 December 2020



.....
M Thornton
Joint Administrator

Source One Environmental Limited

Statutory Information

Source One Environmental Limited - In Administration

Statutory Information

Registered Number:	06160389
Date of Incorporation:	14 March 2007
Address of Registered Office:	c/o BDO LLP 6th Floor Central Square 29 Wellington Street Leeds LS1 4DL Formerly Endeavour Works Newlands Way Wombwell Barnsley S73 0UW
Director:	Andrew John Williams Glenn Cartledge Christopher Cooper
Company Secretary:	Andrew John Williams
Nominal Share Capital:	£100 - divided into 100 ordinary shares of £1 each
Registered Shareholders:	
Flex-Seal Couplings Limited Shares	Ordinary <div style="text-align: right;">100</div> <hr/> <div style="text-align: right;">100</div> <hr/>

Trading Results:

Y/E 31/12	Turnover £	Gross Profit £	Net Profit (after tax) £	Directors' remuneration £	Balance on P & L a/c £
31/Oct 2020	2,973,940	976,040	53,014	Not specified	53,014
31/12/2019	3,550,857	1,099,448	(1,860)	89,938	3,299
31/12/2018	2,742,481	850,077	(112,418)	83,638	(112,418)

Source One Environmental Limited

Statement of Affairs

Statement of affairs

Name of Company

Source One Environmental Limited

Company number

06160389

In the
High Court of Justice
Business and Property Courts of England and Wales
Leeds Combined Court Centre
Insolvency and Companies List

[full name of court]

Court case number

CR-2020-LDS-000889

Statement of affairs of Source One Environmental Limited ('the Company') whose registered office is situated at Endeavour Works, Newlands Way Wombwell, Barnsley, South Yorkshire, S73 0JW.

On the 21st December 2020, the date that the Company entered Administration.


Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the Company as at 21st December 2020, the date that the Company entered Administration.

Full
name

GLENN CARLIDGE.

Signed



22nd December 2020

Dated

22/12/20

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to floating charge:		
Fixed Assets	124,254	75,001
Debtors	703,530	562,824
Stock	927,426	370,972
Cash	320,320	320,320
Contracts	0	1
Business Information & Records	0	1
Intellectual Property Rights	0	1
Licensed Software	0	1
Domain Names	0	1
Prepaid Expenses	52,057	0
Other Assets	23,860	0
	2,151,447	1,329,122
Estimated total assets available for preferential creditors		

A1 - Summary of Liabilities

		Estimated to realise £
		£
Estimated total assets available for preferential Creditors (carried from page A)		1,329,122
Liabilities		
Less Preferential creditors: HMRC Vat	176,909	
Paye/NI	16,366	
Pension	3,123	
Estimated deficiency/surplus as regards preferential creditors		£ 1,132,724
Estimated prescribed part of net property where applicable (to carry forward)		
Estimated total assets available for floating charge holders		£
Debts secured by floating charges		
Estimated deficiency/surplus of assets after floating charges		£ 1,132,724
Estimated prescribed part of net property where applicable (brought down)		
Total assets available to unsecured creditors		£
Unsecured non-preferential claims (excluding employee and consumer creditors) (75)	(2,144,142.87)	
Employee and former employee claims (total no. creditors: N/A)		
Consumer creditors paying in advance (total no. creditors: N/A)		
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		£ (1,011,418.87)
Shortfall to floating charge holders (brought down)		
Estimated deficiency/surplus as regards creditors		£ (100)
Issued and called up capital		
Estimated total deficiency/surplus as regards members	£	(1,011,518.87)

Statement of Affairs of Source One Environmental Limited, Company number: 06160389 made up to 21 December 2020

COMPANY CREDITORS

Notes: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the Company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
S12 Sheffield Ltd	Sheffield International Freight Terminal, Grange Mill Lane, Sheffield, S9 1HW	4,395.79			
A C Plastics Limited	Wilson Road, Huyton Business Park, Huyton, Liverpool, L35 6AN	845.23			
A Clarke & Co (Smethwick) Ltd	PO Box 9837, Station Road, Oldbury, West Midlands, B69 4WD	2,084.52			
Acutest - pro forma	Unit 4 Century Road, High Carr Business Park, Newcastle-Upon Tyne	-869.94			
Avanti Gas	Ugi House Gisborne Close, Staveley, Chesterfield, S43 3JT				
Barnsley Met Borough Council		3,711.00			
Boxes & Packaging Ltd	Shaw Lane Industrial Estate, Doncaster, DN2 4SE	1,111.33			
Brandenburger Liner GmbH	Taubensuhstrasse 5, Landau, Germany	12,455.51			
C Tie (UK) Ltd	41 Balcombe Road, Horley, Surrey, RH6 7HF	293.04			
Cag-Tek	Ozdemir Sabanci OSB, Cardak, Denizli, Turkey	25,859.99			
Cathedral Leasing Limited	300 Relay Point, Relay Drive, Tamworth, Staffordshire, S77 5PA	280.80			
Cheaper Waste		-177.40			
Collingwood Health Ltd	The Buckingham Centre, 30 Bradford Road, Slough, SL1 4PG	75.00			

Signature

Date 22/12/20

Statement of Affairs of Source One Environmental Limited, Company number: 06160389 made up to 21 December 2020

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the Company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Countrywide Ground Maintenance L	Building 4 Brackley Campus, Buckingham Road, Brackley, Northamptonshire, NN13 7EL	126.00			
Cristex Composite Materials	West House, Shadsworth Business Park, Off Duttons Way, Blackburn, BB1 2QJ	17,376.54			
Cromwell Tools Ltd	PO Box 14 Chartwell Drive, Wigston, Leicester, LE18 1AT	3,515.69			
Dartford Crossing		-30.61			
DJB Recycling	Victoria Viaduct, Effingham Lane, Sheffield, S4 7YY	-46.50			
DPD Local	15 th Floor, Castlemead, Lower Castle Street, Bristol, BS1 3AG	4,140.31			
Draper The Tool Company	Hursley Road, Chandlers Ford, Eastleigh, SO53 1YP	1,152.00			
E R Technical Services (NW) Ltd	P O Box 152, Southport, Lancashire, PR8 5GB	8,074.80			
Environmental Techniques	1 Flush Park, Knockmore Road, Lisburn, ST28 2DX	-7,821.60			
Euler Hermes		-2,039.61			
Fedex Express	PO Box 4, Ramsbottom, Bury, BL8 9AR	1,658.32			
Fernco Inc	300 S., Dayton Street, Davison, MI 48423	365,059.78			
Flexi Training	C/O Mentor FLT Training Ltd, Burley Close, Turnoaks Bus Park, Chesterfield S40 2UB	1,508.40			

Signature

Date 22/12/20

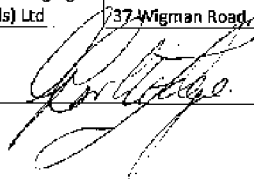
Statement of Affairs of Source One Environmental Limited, Company number: G6160389 made up to 21 December 2020

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the Company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Flex-Seal Couplings Limited	Endeavour Works Newlands Way, Valley Park Wombwell, Barnsley, S73 0UW	1,432,347.97			
Fluvius GmbH	Berta-Benz-Str22, D-40670, Meerbusch, Germany	40,476.47			
Gala Tent Limited	Unit 10 Farfield Park, Manvers, Wath-Upon-Deane, Rotherham, S63 5PD				
Glenn Cartledge		-163.02			
Hine Labels Ltd	Hope Street, Rotherham, S60 1LH	487.39			
Horobin Limited	Midacre, Willenhall Trading Estate, Willenhall, WV13 2JW				
Impact Fork Trucks Limited	1 Derbyshire Court, West Moor Park, Doncaster, DN3 3FD	1,905.48			
Innovative Sewer Tech	Rombacher Hutte 15, 44795 Bochum, GERMANY	78,502.66			
Insituform Linings Limited	Park Farm Ind Estate, Wellingborough, Northants, NN8 6QX	4,279.46			
IRR Trenchless Consultancy Ltd	1 Ashton Court, Ryton, Tyne and Wear, NE40 3HB	2,650.80			
J2 Global Ireland Ltd	Unit 3, Woodford Bus Park, Santry, Dublin 17	-52.80			
Karl Otto Braun GmbH & Co. KG	Lauterstrabe 50, 67752 Wolfstein, Postfach 1140, 67751 Wolfstein, Germany	25,641.22			
Kendon Packaging (Midlands) Ltd	737 Wigman Road, Bilborough, Nottingham, NG8 4PA	4,882.74			

Signature



Date

22/12/20

Statement of Affairs of Source One Environmental Limited, Company number: 06160389 made up to 21 December 2020

COMPANY CREDITORS

Notes: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the Company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Kranlee Logistics Ltd	60 Cranleigh Road, Woodthorpe, Chesterfield, S43 3BH	522.00			
MacFarlane Packaging	Siskin Parkway East, Middlemarch Business Park, Coventry, CV3 4PE	6,610.00			
Marsh Bellofram Europe Ltd	Unit 9, Castle Park, Queens Drive, Nottingham, NG2 1AH	2,247.24			
MC Building Chemicals	Unit G-H, Hobart Road, Tipton, West Midlands, DY4 9LE	2,367.50			
Metex Online Limited	Ashwood Court, Tytherington Bus Park, Macclesfield, Cheshire, SK10 2XF	420.00			
MFC International Ltd	Naval Yard, Tonypanddy, Rhondda Cynon Taff, CF40 1JS	-1,370.40			
Mudfords Ltd	400 Petre Street, Sheffield, S4 8LU	157.74			
Naylor Drainage Ltd	Clough Green, Cawthorne, Barnsley, S75 4AD	2,175.00			
NewgatesImms Limited	Broughton Mills Road, Bretton, Cheshire, CH4 0BY	4,536.00			
Npower	Windmill Hill Business Park, Whitehill Way, Swindon, SN5 6PB				
Nu-Image Packaging (Chywd) Ltd	Pontybodkin Hill, Leeswood, Flintshire, CH7 4RY	9,468.12			
Palletower	Dane Road Industrial Est, Sale, Cheshire, M33 7BH	-551.16			
Picote Solutions Oy Ltd	Järakoltsijantie 8, 06450 Porvoo, Finland	52,309.41			

Signature

Date 22/12/2023

Pa. Tdgo.

Statement of Affairs of Source One Environmental Limited, Company number: 06160389 made up to 21 December 2020

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the Company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Polynt Composites Uk Ltd	Laporte Road, Stallingborough, Nr Grimsby, DN41 8DR	18,588.00			
R S Components Ltd	PO Box 99, Corby, Northamptonshire, NN17 9RS	3,180.48			
Red Business Machines	Suite 3, Rotherside Court, Rotherside Road, Eckington, Sheffield, S21 4HL	113.43			
Rubber Safety Hygiene Ltd	Enterprise Works, 2 Hunsley Street, Sheffield, S4 8DY	131.33			
Russell P Edwards - VISA		42.64			
Russell P Edwards - Visa		-0.02			
Sage Pay	3rd Floor The Angel Building, St John Street, LONDON, EC1V 4AB	90.00			
Scaitec Sec Solutions	Old Doncaster Road, Wath-on-Dearne, Rotherham	1.70			
Sealguard	PO Box 1178, Mars,, PA16046	708.33			
Spin Print Solutions	Unit 2, Mapplewell Business Park, Staincross, Barnsley	61.20			
Terry Ingleby		-20.70			
Terry Ingleby/Cash		-14.40			
Tidy Pallets Ltd	Hoyle Mill Road, Hemsworth, Wakefield, WF9 5JB	480.00			

Signature

Date 22/2/20

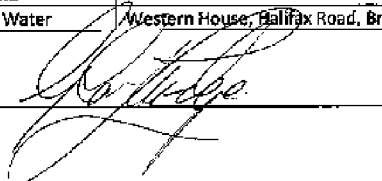
Statement of Affairs of Source One Environmental Limited, Company number: 06160389 made up to 31 December 2020

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the Company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Tolbest Limited	10/11 Aston Court, Kingsland Grange, Warrington, Cheshire, WA1 4SG	735.00			
Tony Baldwin - CASH/MILE		-100.80			
Tony Hickman - CASH/MILE		167.38			
Truswell Haulage	Fall Bank Ind Est, Dodworth, Barnsley, S75 3LS	1,587.60			
Uhrig GmbH	Uhrig Kanaltechnik GMBH, Am Roten Kreuz 2, 78187, Geisingen	3,582.20			
Wardsflex Limited	22 James Carter Road, Mildenhall, Suffolk, IP28 7DE	1,350.67			
Warren Environmental Inc	137 Pine Street, Middleborough, MA 02346, United States				
Worldpay	Gateshead Card Centre, Victory House, Fifth Avenue, Gateshead, NE11 0EL	554.78			
Worrall Business Supplies Ltd	129 West Bar, Sheffield, S3 8PT	315.84			
Yorkshire Water	Western House, Halifax Road, Bradford, BD6 2SZ				

Signature



Date 23/12/20

Statement of Affairs of Source One Environmental Limited, Company number: 06160389 made up to 21st December 2020

COMPANY EMPLOYEES OR FORMER EMPLOYEES

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the Company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
N/A					

Signature

Date 22/12/20

Statement of Affairs of Source One Environmental Limited, Company number: 06160389 made up to 21st December 2020

CONSUMER CREDITORS PAYING IN ADVANCE FOR THE SUPPLY OF GOODS OR SERVICES

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the Company's possession.

[illegible]

Signature _____

Handwritten signature

Date _____

22/12/20

Statement of Affairs of Source One Environmental Limited, Company number: 06160389 made up to 31st December 2020

COMPANY SHAREHOLDERS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the Company's possession.

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
Flexseal Couplings Limited	Endeavour Works, Valley Park, Newlands Way, 100 Wombwell, Barnsley, South Yorkshire, S73 0UW		£100	
TOTALS				

Signature



Date 22/12/2020

Source One Environmental Limited

Receipts and Payments

Source One Environmental Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs		From 21/12/2020 To 22/12/2020	From 21/12/2020 To 22/12/2020
£		£	£
	ASSET REALISATIONS		
562,824.00	Book debts	NIL	NIL
1.00	Business Information & Records	NIL	NIL
320,320.00	Cash at Bank	NIL	NIL
1.00	Contracts	NIL	NIL
1.00	Domain Name(s)	NIL	NIL
75,000.00	Equipment	NIL	NIL
1.00	Goodwill	NIL	NIL
1.00	Intellectual Property Rights	NIL	NIL
1.00	Licensed Software	NIL	NIL
370,971.00	Stock	NIL	NIL
1.00	Work in Progress	NIL	NIL
		NIL	NIL
1,329,122.00		NIL	NIL
	REPRESENTED BY		
			NIL

Source One Environmental Limited

Time Cost Summary

Name of Assignment Source One Environmental Limit 00339750
Summary of Time Charged and Rates Applicable for the Period From 21/11/2020 to 22/12/2020

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHERS/STAFF		GRAND TOTAL		SL. NO.
	Rate	Total	Rate	Total	Rate	Total	Rate	Total	Rate	Total	Rate	Total	Rate	Total	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	
A. Pre-Appointment Matters	7.75	4,586.25	111.15	43,781.80					2.65	200.80			121.55	48,562.85	399.5
	7.75	4,586.25	111.15	43,781.80	0.00	0.00	0.00	0.00	2.65	200.80	0.00	0.00			
													Net Total		
													121.55		48,562.85
													Secretarial Expense		0.00
													Office Disbursements		0.00
													Billed		0.00
													Grand Total		48,562.85

Source One Environmental Limited

Fees Estimate

Source One Environmental Limited - In Administration

Mark Robert Thornton and Francis Graham Newton both of BDO LLP, 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL were appointed Joint Administrators on 21 December 2020

Fees Estimate as at 21 December 2020

Joint Administrators' Fees	Total Hours	Blended Rate £	Estimated Fee £
Summary Activity			
A. Pre Appointment Matters			48,562.85
Total			48,562.85
 B. Steps on Appointment	35.00	244.49	8,557.00
C. Planning and Strategy	7.00	371.00	2,597.00
D. General Administration	75.00	232.80	17,460.00
E. Assets Realisation/Dealing	16.00	350.50	5,608.00
F. Trading Related Matters	0.00	0.00	0.00
G. Employee Matters	6.00	216.50	1,299.00
H. Creditor Claims	35.00	179.86	6,295.00
I. Reporting	18.00	292.11	5,258.00
J. Distribution and Closure	19.00	302.84	5,754.00
TOTAL	211.00	250.37	52,828.00

Expenses Estimate

Officeholder CAT 1 Disbursements	1,500	2.1
Officeholder CAT 2 Disbursements	100	2.2

Other Expenses

Solicitors Pre-Administration Costs	23,701	2.3
Solicitors Post Administration Costs	20,000	2.4

The table above is our estimate of the Joint Administrator's fees on a time costs basis for this appointment and the anticipated expenses. This estimate and the expenses are prepared on the basis of the information available to us at the date of this estimate. Assuming that there are no major unanticipated factors, we would expect that our fees may be lower than the estimate. In the following pages we provide a summary of the work we believe is necessary. Where applicable, all fees and disbursements will be subject to VAT at the prevailing rate.

In any work of this nature we may have recourse to engage specialists to assist us for example in ensuring that we obtain best value for the estate assets and also to protect the legal interests of the estate including where necessary taking action to recover sums due to the estate. The specialists we engage will invoice us and that will be an expense of the estate. Such expenses are not subject to creditor approval but nevertheless have an effect on the funds available for creditors in the estate.

1. Joint Administrator's Fees

Fees (remuneration) may be sought on four different bases and a guide for creditors is attached. The four bases are, a time costs basis; a percentage of the assets realised; fixed amount; or a combination of the first three bases.

In this case, we are seeking fees on a time cost basis and have estimated a fee of £52,828.00 plus VAT.

Where possible we will delegate work to our staff and by this expedient the work is conducted by suitably qualified and experienced members of staff at different hourly costs. The current charge out rates per hour of staff within my firm is below:

GRADE	£
Partner	591
Manager	201-591
Assistant Manager	151-227
Senior Administrator	140-227
Administrator	74-211
Other Staff	74-110

These rates are confirmed in an attached document which sets out the firm's policy on time costs and expenses. The firm's hourly time costs rate are normally reviewed on a regular basis each year and adjusted to take account of inflation and the firm's overheads. We have estimated the time we will spend in respect of the following areas of work in respect of this insolvency. Below we provide the primary work that will be undertaken by us.

A Pre Appointment

A significant proportion of our time costs have been incurred pre-appointment. This reflects the importance of this work to maximise realisations for the Company's creditors and to successfully complete a sale of the Company's business and certain assets, with 15 employees transferring to the S1E via TUPE.

Time includes liaison with key stakeholders including the Company's Directors, solicitors, agents and S1E in relation to the SPA and LTO and the transfer of employees on appointment.

In addition, time has been incurred reviewing initial information, reviewing the options available and considering the ethical, technical, practical and legal requirements relevant to the appointment.

Time has also incurred preparing the SIP16 document, the Proposals and other statutory documents in order to ensure they are issued in-line with statutory and regulatory requirements as regards to a pre-packaged Administration.

This work has been led by the director, with support from staff at manager and executive level where appropriate.

B Steps upon Appointment

Time relates to reviewing appointment and statutory documents (including the Joint Administrators' proposals and fee estimate) and initial correspondence with key stakeholders including third parties (such as the Bank, landlord, utility providers etc).

This work is primarily led by a director with the majority of work delegated to staff below manager.

C Planning and Strategy

This will include reviewing the financial position and likely outcome to creditors and complying with internal BDO policies. However, given there are minimal assets to realise in the Administration, it is not anticipated that significant time will be incurred in this regard.

D General Administration

General Administration covers a number of work streams which are not recorded elsewhere. This will include reviewing and regularising affairs regarding insurance, VAT, and taxation. Undertaking investigations regarding the conduct of the directors and reporting thereon, investigations into the affairs and transactions of the entity.

The work contemplated does not at this time include forensic examination of records and transactions. It will also include recovery and storage of entities books and records, and may include engaging and liaising with solicitors.

Day-to-day management of the Company's assets will include managing accounting and investment of realisations, suitable banking investment and preparing reports on Receipts & Payments, ensuring appropriate approval of all costs including approval of remuneration and matching costs of specialists against their expense estimates. This will also include arranging for the transfer of the consideration from WBD's account and allocating the consideration as stated in the SPA.

Time may also be incurred dealing with Press enquiries and PR matters and, managing general administrative matters and basic enquiries.

The majority of this work requires a range of insolvency knowledge and experience, balanced with good accounting and administrative skills and is delegated largely to an executive or assistant manager with suitable levels of experience, supervised by a director or manager.

E Asset Realisation/Management

The Joint Administrators successfully completed a sale of the Company's business and assets on 21 December 2020. The majority of assets were included within the sale.

Time will be incurred dealing with the leasehold property and the LTO, including remitting rental funds to the landlord and liaising with solicitors in relation to the assignment of the lease.

Work will also include contacting the Bank to obtain the cash held within the pre-appointment bank accounts and establishing the value of the excluded assets from the SPA. It is uncertain whether any value will be obtained from the excluded assets at this stage.

No provision has been made for handling contentious Retention of Title ('ROT') claims or any other third party rights to property not disclosed in the entities records. S1E has agreed to deal with all ROT claims as part of the SPA.

The work is led at manager/assistant manager level with suitable competencies. Our managers liaise with the director and escalate major decisions to the Administrators.

F Trading Related Matters

As the business and certain asset were sold immediately following our appointment no trading is anticipated.

G Employee Matters

All the Company's employees transferred to the S1E under TUPE following completion of the SPA.

It is likely that time will be incurred dealing with any pension arrears prior to our appointment. Albeit, on the basis the employees transferred to S1E, we it is likely that time costs will be minimal. This work will be delegated to a manager with sufficient insolvency knowledge.

H Creditor Claims

Receiving and recording all creditor claims and identifying whether additional supporting evidence is necessary from the creditor, reviewing the validity of all claims submitted by creditors alleging they have security rights which would afford them a higher priority when funds are distributed, considering and checking and recording all preferential claims (HMRC and any pension arrears). Considering, reviewing and recording all unsecured creditor claims and identifying any claims which might be categorised as deferred claims.

It may be necessary to take legal advice where a creditor maintains a secured claim which is not supported by unequivocal evidence or where an unsecured claim is made which is significantly in excess of any value recorded by the insolvent entity and the claim is inadequately evidenced. No provision has been made for dealing with any creditor's claims where the matter is referred to Court.

To estimate costs in respect of administering creditor claims we consider the volume of known creditors and the nature of the insolvent entities business. We understand from available records that there are c75 creditors.

Given the litigation in the US, there is some uncertainty at this stage regarding this claim. To the extent costs are likely to exceed our estimate in dealing with this matter, we will seek further approval from creditors if required.

I Reporting

Preparing periodic progress reports to creditors regarding the progress achieved, including preparation of Receipts and Payments Accounts, a suitable analysis of time costs accrued and a review of actual costs and accrued costs as against this fees and expense estimate.

At the time this estimate was prepared no information was available regarding whether creditors were going to appoint a committee, if a committee is appointed there will be additional reports, which have not currently been budgeted for.

The director is responsible for leading the reporting and delegating the production of the accounts, fee analysis and comparison with estimates to suitably experienced colleagues. The ratio of time spent on reporting is generally that manager hours are twice as many as those of the director. Much of the basic accounting and analysis is conducted by more junior members of the team.

In estimating costs in respect of reporting we have formed a view of the duration of the insolvency and estimated how many reports will be required. These activities do not contribute to the financial outcome for creditors, they are statutory duties imposed by the relevant legislation. They do contribute to the creditors' understanding of the work being undertaken on their behalf.

J Distribution and Closure

Based on current information, we anticipate that there will be sufficient funds available to pay a dividend to the Company's unsecured creditors. As such, distributions will be managed in the subsequent CVL by the Liquidators.

Time costs under this heading will also include preparing a final report to creditors together with a Receipts and Payments Account, analysis of time costs accrued and a review of actual costs compared to the fee and expense estimate, completing all administrative arrangements including storage of any records for statutory periods and filing final statutory documentation.

The work is supervised by a director with support from the manager. Much of the basic accounting and analysis will be conducted by more junior members of the team. The majority of these activities do not contribute to the financial outcome for creditors but are a statutory requirement for closing an Administration.

2. Expense Estimate

2.1 Category 1 Disbursements

Our estimate in respect of this heading covers expenses where the officeholders firm has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents, storage of original records of the insolvent estate. In each case the recharge will be reimbursement of a specific expense incurred.

2.2 Category 2 Disbursements

We propose to recover from the estate the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the HM Revenue & Customs Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency (England and Wales) Rules 2016 to recover this disbursement.

2.3 Solicitors' Costs

In order to complete the sale of the Company's business and certain assets by way of a pre-packaged sale, WBD were instructed to negotiate the terms of the sale with S1E's solicitor, draft and finalise the SPA, provide advice in relation to employee matters, draft the LTO agreement and provide advice to the proposed Joint Administrators generally.

Time costs in relation to this work totals £23,701.

2.4 Solicitors' Costs

The Joint Administrators intend to instruct WBD to review the Bank's security and confirm the validity of the Administrators appointment.

Additional legal costs may be incurred as regard the LTO and potential surrender once a novation/new lease is agreed between S1E and the landlord.

Further fees may also be incurred in assessing any claim associated with the US based litigation.

Our initial estimate is that costs could be up to £20,000 plus VAT for this work, albeit this remains uncertain.

BDO LLP
24 December 2020



Source One Environmental Limited

BDO LLP Policy in Respect of Fees and Expenses



Source One Environmental Limited - In Administration

In accordance with best practice, we provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within our firm who may be involved in working on the insolvency, are as follows:

GRADE	£
Partner	591
Manager	201-591
Assistant Manager	151-227
Senior Administrator	140-227
Administrator	74-211
Other Staff	74-110

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP are reviewed on a regular basis and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the eleven categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

1) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.



2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case, the recharge will be reimbursement of a specific expense incurred.

3) Category 2

We propose to recover from the estate the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases, a charge of 45p per mile is raised which is in line with the HM Revenue & Customs Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency (England and Wales) Rules 2016 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP
24 December 2020

Source One Environmental Limited

Notice of Deemed Consent



Rule 15.7
Insolvency
(England and
Wales) Rules
2016

The Insolvency Act 1986 - NOTICE OF DEEMED CONSENT PROCEDURE

To consider approving the Joint Administrator's proposals dated 24 December 2020

Name of Company Source One Environmental Limited	Company number 06160389
In the High Court of Justice Business and Property Courts in Leeds Insolvency and Companies List (ChD) [full name of court]	Court case number CR-2020-LDS-000889

The Joint Administrators are Mark Robert Thornton (officeholder number: 25650) and Francis Graham Newton (officeholder number: 9310) both of BDO LLP, 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, who were appointed on 21 December 2020. The Joint Administrators may also be contacted by via Teddy Blankson at BRCMTNorthandScotland@bdo.co.uk.

NOTICE IS GIVEN, pursuant to Paragraph 51 of Schedule B1 to the Insolvency Act 1986 that the Joint Administrator's proposals will be dealt with by deemed consent by the Decision date: 18 January 2021. The proposals are:

- (a) They continue to manage the Company's business and realise assets in accordance with Objective (b) of the statutory purpose of the Administration, and.
- (b) They exit the Administration by way of a Creditors' Voluntary Liquidation and that Mark Robert Thornton & Francis Graham Newton will be the Joint Liquidators and will act jointly and severally.

NB. Under Paragraph 83(7) of 'Sch. B1 to the Act' and Rule 3.60(6)(b) creditors may nominate different Liquidators provided that the nomination is made after the receipt of the proposals and before the proposals are approved, but in the absence of such nomination the above named would become the Joint Liquidators.

For the avoidance of doubt: Other resolutions within the Joint Administrators report accompanying the proposals will be approved by postal resolution.

In order to object to the Joint Administrator's proposals a creditor must deliver, to us at the address below, by no later than 18 January 2021 a written notice stating that the creditor objects to the proposals. The objection must be accompanied by a proof of debt form (attached) otherwise the creditor's objection will be disregarded. A creditor with a 'small debt' £1,000 or less must still submit a proof of debt form if submitting a notice of objection. The threshold is 10% in value of the creditors who are entitled to vote.

Unless 10% in value of the creditors of the Company who are entitled to vote object to the proposals by the decision date, creditors will be treated as having approved the proposals. It is the convenor's responsibility to aggregate the objections to see if the threshold is met. If the threshold is met, the deemed consent procedure will terminate without a decision being made. If a decision is sought again on the same matter it will be sought by an alternative decision procedure.

Creditors may, within five business days of this notice, require a physical meeting be held to consider the matter. This is explained in more detail in Appendix 8. If there are sufficient requests for a physical meeting this deemed consent procedure will terminate and a physical meeting will be convened.

Appeals against decisions (Rule.15.35): Creditors may appeal to the court in respect of the convenor's decision. Any appeal must be made within 21 days of the Decision date stated above.



Date: 24 December 2020

A handwritten signature in black ink, appearing to read 'M. Thornton', followed by a horizontal line.

M Thornton
Joint Administrator and Convenor of the Decision Process

Objections to the Joint Administrator's proposals, together with proof of debt form must be forwarded to 'the Joint Administrators, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH', by no later than 18 January 2021.

Source One Environmental Limited

Notice of Arranging a Decision Procedure for Creditors by Correspondence



Rule 15.8
Insolvency
(England and
Wales) Rules
2016

The Insolvency Act 1986 - NOTICE OF ARRANGING A DECISION PROCEDURE FOR CREDITORS BY CORRESPONDENCE

To consider whether a creditors' committee should be established and other resolutions set out below

Name of Company Source One Environmental Limited	Company number 06160389
In the High Court of Justice Business and Property Courts in Leeds Insolvency and Companies List (ChD) <small>[full name of court]</small>	Court case number CR-2020-LDS-000889

The Joint Administrators are Mark Robert Thornton (officeholder number: 25650) and Francis Graham Newton (officeholder number: 9310) both of BDO LLP, 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, who were appointed on 21 December 2020. The Joint Administrators may also be contacted by via Teddy Blankson at BRCMTNorthandScotland@bdo.co.uk.

NOTICE that the Creditors of the above-named Company are invited to make decisions as to whether to approve or reject the resolution below.

Decision Procedure: The creditors are invited to indicate by correspondence whether they approve or reject the resolution. A Decision by Correspondence form is attached for recording your vote. The completed form, together with details of your claim, if not already provided, must be sent to the Joint Administrators, whose details are below and on the attached form. Your response must be delivered to 'the Joint Administrators, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH' before the Decision date below otherwise it cannot be counted.

Decision date: 18 January 2021

Creditors may within five business days of this notice require a physical meeting be held to consider the matter. If there are sufficient requests for a physical meeting the decision by correspondence procedure will be terminated and a physical meeting convened. This is explained in more detail overleaf.

Any response may be sent by correspondence, using the attached form. To be valid your response must be received by the Administrator by no later than the Decision date.

RESOLUTION

- (c) That a creditors' committee be established if sufficient creditors are willing to be members. (such committee must comprise of between 3 and 5 creditors)

In the event that a Creditors' Committee is not established to RESOLVE THAT;

- (d) The Joint Administrators' pre-appointment fees of £25,000 plus VAT be approved as an expense of the Administration;
- (e) The Joint Administrators' pre-appointment expenses of £23,701 plus VAT be approved as an expense of the Administration;
- (f) The remuneration of the Joint Administrators is approved on a time costs basis as set out in the Fees Estimate; and

- (g) The Joint Administrators' category 2 disbursements be approved on the basis of the mileage scale approved by HMRC, being 45p per mile unless otherwise disclosed to creditors.

Any creditor, including those whose debt is treated as a small debt (less than £1,000 inclusive of VAT) or who has opted out of receiving notices, must still deliver a completed proof of debt form, as detailed above if they wish to submit a response or request a physical meeting.

Date: 24 December 2020



M Thornton
Joint Administrator and Convenor of the decision process

Certain Rules apply to decision procedures. The full text of the Rules is attached but the effect of those Rules is summarised below:

Creditor Voting rights (R.15.28): Every creditor who has this notice is entitled to vote in respect of the debt due to the creditor. Where there is a physical meeting the creditor must submit a proxy form (not relevant at this stage). Creditors, including creditors whose debt is treated as a 'small debt' (£1,000 or less) must still deliver a proof for voting purposes, they have not already done so.

Calculation of creditors voting rights (R.15.31): In respect of this Administration creditors' claims will be calculated as at the date the company entered Administration being: 21 December 2020. Claims that have an uncertain value will be subject to £1, or a higher value if the chairman allows.

Requisite majority of creditors for making a decision (15.34): An Administration decision is approved if a majority of creditors, by value vote, in favour by the Decision date.

Appeals against decisions (R.15.35): Decisions of the Joint Administrator in convening the Decision Procedure and dealing with voting is subject to appeal to the court by a creditor. Any appeal must be made within 21 days of the Decision date.

Physical Meeting: If creditors want to consider the resolutions at a physical meeting they must notify in writing the Joint Administrator, whose details are above, within five business days of delivery of this notice. A meeting will be convened if sufficient creditors notify the Administrators within the timeframe. Section 246ZE of the insolvency Act sets the "minimum number" of creditors for requisitioning a meeting at any of the following:

- (a) 10% in value of the creditors or contributories;
- (b) 10% in number of the creditors or contributories;
- (c) 10 creditors or contributories.

Extract from the Insolvency (England and Wales) Rules 2016**Creditors' voting rights**

15.28.—(1) In an administration, an administrative receivership, a creditors' voluntary winding up, a winding up by the court and a bankruptcy, a creditor is entitled to vote in a decision procedure or to object to a decision proposed using the deemed consent procedure only if—

- (a) the creditor has, subject to 15.29, delivered to the convener a proof of the debt claimed in accordance with paragraph (3), including any calculation for the purposes of rule 15.31 or 15.32, and
- (b) the proof was received by the convener—
 - (i) not later than the decision date, or in the case of a meeting, 4pm on the business day before the meeting, or
 - (ii) in the case of a meeting, later than the time given in sub-paragraph (i) where the chair is content to accept the proof; and
- (c) the proof has been admitted for the purposes of entitlement to vote.

(2) In the case of a meeting, a proxy-holder is not entitled to vote on behalf of a creditor unless the convener or chair has received the proxy intended to be used on behalf of that creditor.

(3) A debt is claimed in accordance with this paragraph if it is—

- (a) claimed as due from the company or bankrupt to the person seeking to be entitled to vote; or
- (b) in relation to a member State liquidator, claimed to be due to creditors in proceedings in relation to which that liquidator holds office.

(4) The convener or chair may call for any document or other evidence to be produced if the convener or chair thinks it necessary for the purpose of substantiating the whole or any part of a claim.

(5) In a decision relating to a proposed CVA or IVA every creditor, secured or unsecured, who has notice of the decision procedure is entitled to vote in respect of that creditor's debt.

(6) Where a decision is sought in an administration under sub-paragraph 3.52(3)(b) (pre administration costs), paragraph 18.18(4) (remuneration: procedure for initial determination in an administration) or paragraph 18.26(2) (first exception: administrator has made statement under paragraph 52(1)(b) of Schedule B1), creditors are entitled to participate to the extent stated in those paragraphs.

Calculation of voting rights

15.31.—(1) Votes are calculated according to the amount of each creditor's claim—

- (a) in an administration, as at the date on which the company entered administration, less—
 - (i) any payments that have been made to the creditor after that date in respect of the claim, and
 - (ii) any adjustment by way of set-off which has been made in accordance with rule 14.24 or would have been made if that rule were applied on the date on which the votes are counted;
- (b) in an administrative receivership, as at the date of the appointment of the receiver, less any payments that have been made to the creditor after that date in respect of the claim;
- (c) in a creditors' voluntary winding up, a winding up by the court or a bankruptcy, as set out in the creditor's proof to the extent that it has been admitted;
- (d) in a proposed CVA—
 - (i) at the date the company went into liquidation where the company is being wound up,
 - (ii) at the date the company entered into administration (less any payments made to the creditor after that date in respect of the claim) where it is in administration,
 - (iii) at the beginning of the moratorium where a moratorium has been obtained (less any payments made to the creditor after that date in respect of the claim), or
 - (iv) where (i) to (iii) do not apply, at the decision date;
- (e) in a proposed IVA—
 - (i) where the debtor is not an undischarged bankrupt—
 - (aa) at the date of the interim order, where there is an interim order in force,
 - (bb) otherwise, at the decision date,
 - (ii) where the debtor is an undischarged bankrupt, at the date of the bankruptcy order.

(2) A creditor may vote in respect of a debt of an unliquidated or unascertained amount if the convener or chair decides to put upon it an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose.

(3) But in relation to a proposed CVA or IVA, a debt of an unliquidated or unascertained amount is to be valued at £1 for the purposes of voting unless the convener or chair or an appointed person decides to put a higher value on it.

(4) Where a debt is wholly secured its value for voting purposes is nil.

(5) Where a debt is partly secured its value for voting purposes is the value of the unsecured part.

(6) However, the value of the debt for voting purposes is its full value without deduction of the value of the security in the following cases—

- (a) where the administrator has made a statement under paragraph 52(1)(b) of Schedule B1 and the administrator has been requested to seek a decision under paragraph 52(2); and

- (b) where, in a proposed CVA, there is a decision on whether to extend or further extend a moratorium or to bring a moratorium to an end before the end of the period of any extension.
- (7) No vote may be cast in respect of a claim more than once on any resolution put to the meeting; and for this purpose (where relevant), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim.
- (8) A vote cast in a decision procedure which is not a meeting may not be changed.
- (9) Paragraph (7) does not prevent a creditor or member State liquidator from—
 - (a) voting in respect of less than the full value of an entitlement to vote; or
 - (b) casting a vote one way in respect of part of the value of an entitlement and another way in respect of some or all of the balance of that value.

Requisite majorities

- 15.34.—(1) A decision is made by creditors when a majority (in value) of those voting have voted in favour of the proposed decision, except where this rule provides otherwise.
- (2) In the case of an administration, a decision is not made if those voting against it—
 - (a) include more than half in value of the creditors to whom notice of the decision procedure was delivered; and
 - (b) are not, to the best of the convener or chair's belief, persons connected with the company.
 - (3) Each of the following decisions in a proposed CVA is made when three-quarters or more (in value) of those responding vote in favour of it—
 - (a) a decision approving a proposal or a modification;
 - (b) a decision extending or further extending a moratorium; or
 - (c) a decision bringing a moratorium to an end before the end of the period of any extension.
 - (4) In a proposed CVA a decision is not made if more than half of the total value of the unconnected creditors vote against it.
 - (5) For the purposes of paragraph (4)—
 - (a) a creditor is unconnected unless the convener or chair decides that the creditor is connected with the company;
 - (b) in deciding whether a creditor is connected reliance may be placed on the information provided by the company's statement of affairs or otherwise in accordance with these Rules; and
 - (c) the total value of the unconnected creditors is the total value of those unconnected creditors whose claims have been admitted for voting.
 - (6) In a case relating to a proposed IVA—
 - (a) a decision approving a proposal or a modification is made when three-quarters or more (in value) of those responding vote in favour of it;
 - (b) a decision is not made if more than half of the total value of creditors who are not associates of the debtor vote against it.
 - (7) For the purposes of paragraph (6)—
 - (a) a creditor is not an associate of the debtor unless the convener or chair decides that the creditor is an associate of the debtor;
 - (b) in deciding whether a creditor is an associate of the debtor, reliance may be placed on the information provided by the debtor's statement of affairs or otherwise in accordance with these Rules; and
 - (c) the total value of the creditors who are not associates of the debtor is the total value of the creditors who are not associates of the debtor whose claims have been admitted for voting.

Appeals against decisions under this Chapter

- 15.35.—(1) A decision of the convener or chair under this Chapter is subject to appeal to the court by a creditor, by a contributory, or by the bankrupt or debtor (as applicable).
- (2) In a proposed CVA, an appeal against a decision under this Chapter may also be made by a member of the company.
 - (3) If the decision is reversed or varied, or votes are declared invalid, the court may order another decision procedure to be initiated or make such order as it thinks just but, in a CVA or IVA, the court may only make an order if it considers that the circumstances which led to the appeal give rise to unfair prejudice or material irregularity.
 - (4) An appeal under this rule may not be made later than 21 days after the decision date.
 - (5) However, the previous paragraph does not apply in a proposed CVA or IVA, where an appeal may not be made after the end of the period of 28 days beginning with the day—
 - (a) in a proposed CVA, on which the first of the reports required by section 4(6) or paragraph 30(3) of Schedule A1 was filed with the court(a); or
 - (b) in a proposed IVA—
 - (i) where an interim order has not been obtained, on which the notice of the result of the consideration of the proposal required by section 259(1)(a) has been given, or
 - (ii) otherwise, on which the report required by section 259(1)(b)(b) is made to the court.
 - (6) The person who made the decision is not personally liable for costs incurred by any person in relation to an appeal under this rule unless the court makes an order to that effect.

(7) The court may not make an order under paragraph (6) if the person who made the decision in a winding up by the court or a bankruptcy is the official receiver or a person nominated by the official receiver.

Extract from the Insolvency Act 1986 (as amended)

Section 246ZE Decisions by creditors and contributories: general

- (1) This section applies where, for the purposes of this Group of Parts, a person ("P") seeks a decision about any matter from a company's creditors or contributories.
- (2) The decision may be made by any qualifying decision procedure P thinks fit, except that it may not be made by a creditors' meeting or (as the case may be) a contributories' meeting unless subsection (3) applies.
- (3) This subsection applies if at least the minimum number of creditors or (as the case may be) contributories make a request to P in writing that the decision be made by a creditors' meeting or (as the case may be) a contributories' meeting.
- (4) If subsection (3) applies P must summon a creditors' meeting or (as the case may be) a contributories' meeting.
- (5) Subsection (2) is subject to any provision of this Act, the rules or any other legislation, or any order of the court—
- (a) requiring a decision to be made, or prohibiting a decision from being made, by a particular qualifying decision procedure (other than a creditors' meeting or a contributories' meeting);
 - (b) permitting or requiring a decision to be made by a creditors' meeting or a contributories' meeting.
- (6) Section 246ZF provides that in certain cases the deemed consent procedure may be used instead of a qualifying decision procedure.
- (7) For the purposes of subsection (3) the "minimum number" of creditors or contributories is any of the following—
- (a) 10% in value of the creditors or contributories;
 - (b) 10% in number of the creditors or contributories;
 - (c) 10 creditors or contributories.
- (8) The references in subsection (7) to creditors are to creditors of any class, even where a decision is sought only from creditors of a particular class.
- (9) In this section references to a meeting are to a meeting where the creditors or (as the case may be) contributories are invited to be present together at the same place (whether or not it is possible to attend the meeting without being present at that place).
- (10) Except as provided by subsection (8), references in this section to creditors include creditors of a particular class.
- (11) In this Group of Parts "qualifying decision procedure" means a procedure prescribed or authorised under paragraph 8A of Schedule 8.

Source One Environmental Limited

Decision Procedure by Correspondence Form



The Insolvency Act 1986 - DECISION BY CORRESPONDENCE FORM

To consider whether a creditors' committee should be established and other resolutions set out below

Source One Environmental Limited - In Administration

Registered Number: 06160389

RESOLUTION

(* Please indicate voting preference)

- (c) That a creditors' committee be established if sufficient creditors are willing to be members. (such committee must comprise of between 3 and 5 creditors)

***Approved/Rejected**

Do you consent to be a member of the creditors' committee?

***Yes/No**

In the event that a Creditors' Committee is not established to RESOLVE THAT;

- (d) The Joint Administrators' pre-appointment fees of £25,000 plus VAT be approved as an expense of the Administration.

***Approved/Rejected**

- (e) The Joint Administrators' pre-appointment expenses of £23,701 plus VAT be approved as an expense of the Administration.

***Approved/Rejected**

- (f) The remuneration of the Joint Administrators is approved on a time costs basis as set out in the Fees Estimate;

***Approved/Rejected**

- (g) The Joint Administrators' category 2 disbursements be approved on the basis of the mileage scale approved by HMRC, being 45p per mile unless otherwise disclosed to creditors.

***Approved/Rejected**

TO BE COMPLETED BY THE CREDITOR WHEN RETURNING FORM

Name of Creditor

Signature of Creditor

(If signing on behalf of creditor, state capacity e.g. director/solicitor etc.)

NOTE: This form must be accompanied by a proof of debt form confirming the amount due to the creditor unless a proof of debt form has already been delivered. Creditors whose debt is treated as a 'small debt' (£1,000 or less) must still deliver a proof of debt form for voting purposes otherwise their vote will be disregarded.

This form must be returned to 'the Joint Administrators, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH' or via email to BRCMTNorthandScotland@bdo.co.uk, by no later than the Decision date 18 January 2021.



The Joint Administrator may also be contacted via Teddy Blankson on BRCMTNorthandScotland@bdo.co.uk.

M Thornton
Joint Administrator
24 December 2020

Source One Environmental Limited

Proof of Debt Form

Proof of Debt Form
Source One Environmental Limited - In Administration
Company No: 06160389

Debt as at the date of the Company entered Administration: 21 December 2020

1	Name of creditor (If a company please also give company registration number and where registered).	
2	Address of creditor including email address for correspondence.	
3	Total amount of claim, including any Value Added Tax at the above date.	
4	If amount in 3 above includes outstanding un-capitalised interest please state amount.	£
5	Particulars of how and when debt incurred. (If you need more space append a continuation sheet to this form).	
6	Particulars of any security held, the value of the security, and the date it was given.	
7	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
8	Provide details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the Joint Administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convener of any meeting).	
9	Signature of creditor or person authorised to act on his behalf _____	Dated _____
Name in BLOCK LETTERS _____		
Position with or in relation to creditor _____		
Address of person signing (if different from 2 above) _____		

Please return the completed form to the Joint Administrators, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH or via email to BRCMTNorthandScotland@bdo.co.uk.

Source One Environmental Limited

Creditors' Questionnaire



Questionnaire

Ref: SOURCEONE/C2/MT/TB

Re: Source One Environmental Limited - In Administration
Registered Number: 06160389

Creditor's name:	
Address:	
Estimated claim:	£
What was the authorised Credit limit?:	£
Was any security, guarantee or assurance given to you in respect of ongoing trade?:	
When did you first encounter delays in obtaining payment of your account, and do you have any evidence?:	
Please provide details of any legal proceedings you took to recover your debts:	
Please supply details of any cheques which were not honoured, including amounts and dates:	
If there is any other information you wish to supply, or issues you consider should be reviewed, please provide brief details on the reverse of this form.	
Date:	
Signature/ Authentication:	
Name:	
Position:	
Please return the completed form to the Joint Administrators, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH.	

Source One Environmental Limited

SIP 16 Statement



Tel: +44 (0)151 237 4500
Fax: +44 (0)151 237 4545
www.bdo.co.uk

5 Temple Square
Temple Street
Liverpool
L2 5RH

Mark Robert Thornton and Francis Graham Newton both of BDO LLP, 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL were appointed Joint Administrators of the Company on 21 December 2020

TO ALL KNOWN CREDITORS AND MEMBERS

23 December 2020

Our Ref: SOURCEONE-CA-INT-TB

Please ask for: Teddy Bannister
Direct dial: 0151 237 4421
Email: teddy.bannister@bdo.co.uk

Dear Madams/Sirs

Source One Environmental Limited - in Administration ('the Company')

We give you notice, per Paragraph 46 of Schedule B1 to the Insolvency Act 1986 (the Act) that on 21 December 2020, Mark Robert Thornton, authorised by the Institute of Chartered Accountants in England & Wales and Francis Graham Newton, authorised by the Insolvency Practitioners Association in the UK, were appointed Joint Administrators of the Company.

Under the provisions of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators carry out their functions jointly and severally meaning any action can be done by one Administrator or both of them.

A notice of the Joint Administrators' appointment has been delivered to the Registrar of Companies.

Immediately following the appointment, the Administrators completed a sale of the business and certain assets of the Company to a connected company (as defined by Section 249 and 435 of the Insolvency Act 1986), S1E Limited ('S1E'), for a combined consideration of £1,008,802. The Sale and Purchase Agreement ('SPA') included a clause whereby S1E will settle up to £350,000 of trade creditors following the appointment.

In order to comply with Statement of Insolvency Practice 16, further details as regards the events leading up to the appointment, the sale process undertaken and the subsequent sale, and in particular, the rationale for enacting a sale of the business and certain assets to S1E are provided later in this report.

Statement of Insolvency Practice (SIPs)

For your information, the SIPs are guidance notes issued to licensed insolvency practitioners by the Association of Business Recovery Professionals with a view to maintaining standards by setting out required practice and harmonising the approach of practitioners to particular aspects of insolvency. The SIP 16 note can be located at www.r3.org.uk.

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Company Background

The Company operates as a national supplier of specialist innovative trenchless technologies to the sewer & drainage repair market from leasehold premises in Barnsley with 15 employees.

The Company is 100% owned by Flex-Seal Couplings Limited (Flex-Seal), which is owned by Fernco Inc based in the US (collectively the 'Group').

The Company is defending a legal claim (relating to an alleged historical patent breach associated with products no longer sold by the Company) which is being progressed through the US judicial system.

The Company's legal costs for defending the claim over the coming weeks/months were estimated to be c\$1m based on estimates from the Company's US based solicitors.

In a scenario whereby the Company was unsuccessful in defending the claim, it was anticipated that the Company could have become liable to pay a multi-million dollar settlement.

Given the estimated legal costs in defending the claim, coupled with the liability that could have arisen if the Company was unsuccessful in defending the claim, the Company's Directors ('Management') were concerned with regards to the Company's financial position and sustainability.

Independent legal advice provided to the Company confirmed that abandoning the defence of the litigation would potentially be prejudicial to the interests of the wider pool of creditors and consequently was not an option for the Company.

On 10 November 2020, the Company engaged BDO LLP ('BDO') to review the current financial position and summary options available including consideration of estimated outcomes for each relevant insolvency option. The engagement also included preparatory work with regards to a potential accelerated sale ('AMA') process ('Phase 1 Work').

Based on our review of the Company's financial position, it was determined that:

- In the absence of third party funding for the on-going US litigation costs, the Company would imminently become cash flow insolvent;
- Given the financial position of the Company, and in particular the on-going litigation, a solvent solution was highly unlikely to be deliverable given the on-going legal costs and inherent risks attached to the litigation claim; and
- In an insolvency scenario, the best outcome for creditors would likely be delivered by way of an insolvent sale of the business and assets on a going concern basis (if achievable). It was concluded that this would likely result in a better realisation of the Company's assets when compared with an ex-situ sale (i.e. piecemeal sale of assets) whilst mitigating preferential and unsecured claims which would crystallise if trading ceased and the employees were made redundant.

Following a review of our Phase 1 report and conclusions, the Company engaged BDO LLP on 24 November 2020 to commence an AMA process with a view to exploring business and asset sale options ('Phase 2 Work'). In addition, the scope of the Phase 1 work was extended by way of an Addendum letter dated 20 November 2020 to include further insolvency planning work given the likelihood of an imminent insolvency.



Events leading up to Administration

The AMA process (detailed later in this report) resulted in two offers being received for the business and certain assets, one from a private equity backed trade party and one from the existing shareholder (via a special purchase vehicle (dormant subsidiary), being S1E). Both offers assumed a business and assets sale by way of a pre-packaged Administration.

Given that a sale of the business and assets had a realistic chance of being delivered based on the offers received, on 11 December 2020, the directors of the Company filed a Notice of Intention to Appoint Administrators ('NOI') with a settled intention to appoint Administrators to complete a proposed sale of the business and certain assets. Based on BDO's Phase 1 Work, a going concern sale will deliver the best outcome for creditors generally whilst mitigating against further cash outflows, relating to the US litigation costs, ultimately to the detriment of creditors.

Two additional parties, which were not included in the initial notifications to potential interested parties on 27 November 2020 were contacted on 10 December and 11 December 2020 respectively. The rationale and background regarding these two parties is detailed in our subsequent summary of the AMA process.

Despite contacting the two additional parties mentioned above, no further interest or offers for the business and assets was forthcoming. Consequently, following a detailed review of the two offers received, it was clear that the offer from S1E would result in a better outcome to creditors as a whole.

This conclusion was supported by a recommendation from third party valuation agents Sanderson Weatherall LLP ('SW'), who supported the estimated outcome statement work.

Solicitors, Womble Bond Dickinson (UK) LLP ('WBD'), were engaged by the proposed Administrators to prepare a Sale and Purchase Agreement ('SPA') in order for the sale to be completed to S1E immediately following their appointment.

Following agreement of the SPA with the solicitors acting for S1E, on 21 December 2020, the Directors of the Company filed the Notice of Appointment of Administrators and the Administrators executed the sale of the business and certain assets to S1E immediately following confirmation of the appointment.

Extent of the Joint Administrators' Involvement Prior to Appointment

Prior to Appointment, BDO LLP ('BDO') were instructed to undertake the following:

- (i) **Options Review & AMA Preparatory Work**
Instructed in accordance with the terms of BDO's engagement letter dated 10 November 2020 to review the current financial position and summary options (including associated estimated outcomes) for the Company alongside AMA preparatory work.
- (ii) **Insolvency Planning**
Addendum letter dated 20 November 2020 extending the scope detailed in the engagement letter dated 10 November 2020 to include further insolvency planning work.
- (iii) **AMA process**
Instructed in accordance with the terms of BDO's engagement letter dated 24 November 2020. The process involved marketing the shares of the Company or the business and assets for sale.



For the avoidance of doubt, BDO or the Joint Administrators have not provided, nor have been requested to provide, any advice to the individual directors of the Company. The Directors were advised that it was not the Joint Administrators' role to provide them with personal advice and they took their own independent legal advice.

Similarly, neither BDO, nor the Joint Administrators, have provided any advice to S1E as purchasers. S1E took independent legal and commercial advice.

Pre-Administration Remuneration

The following remuneration has been paid to BDO in respect of the pre-appointment engagements:

- Engagement letter dated 10 November 2020 and subsequent addendum dated 20 November 2020 (options, AMA and insolvency planning) - £20,500 plus VAT.
- Engagement letter dated 24 November 2020 (AMA process) - £22,500 plus VAT.

At the date of appointment, BDO had incurred pre-administration time costs of £48,563. An element of the time relates to a period prior to the filing of the Notice of Intention to Appointment Administrators (being 11 December 2020). Consequently, on the basis the Directors had a settled intention to appoint Administrators from that date (11 December 2020), we intend to seek approval from creditors, via a decision procedure by correspondence, for a proportion of the time costs incurred by us and our staff from 11 December 2020 up to the date of appointment (totalling £32,364). We are seeking approval from creditors to be paid £25,000 plus VAT of this amount.

As such, a request shall be made to the Company's creditors for approval to draw £25,000 plus VAT in respect of outstanding pre-Administration time costs as an expense of the Administration.

In addition, we will also seek the requisite approval from creditors to settle the pre-Administration legal fees totalling £23,701 plus VAT for preparing the SPA, licence to occupy, legal advice with regards to the appointment and assisting with the documentation to appoint the Administrators.

Details of charges and dates of creation

Date created	Secured Creditor	Details
07/12/2012	the Royal Bank of Scotland PLC ('the Bank')	Debenture

The Joint Administrators will obtain solicitors' advice on the nature and validity of the security noted above. Notwithstanding the above, there is no indebtedness due to the Bank.

AMA Process

Preparatory AMA work

In accordance with our Phase 1 Work, the following preparatory work was completed ahead of a potential AMA process:

- A comprehensive list of potential interested parties, being a combination of private equity and trade parties, was prepared based on BDO's research facilities and contacts as well as recommendations from the Company's Management team;
- An initial teaser document was prepared and finalised with the assistance and agreement of Management for circulation to the interested parties in order to ascertain whether they may be interested in purchasing the business and assets. The teaser document was prepared on a confidential basis to protect the Company's position; and
- An extended teaser document was prepared and agreed with Management for circulation to any parties who requested more detailed information with a view to undertaking due diligence (subject to receipt of a signed Non-Disclosure Agreement ('NDA')).



Marketing of Business and Assets

As noted above, on 24 November 2020, the Company engaged BDO to commence an AMA process with immediate effect with a view to assessing and securing a sale of the shares or business and assets.

As such, from 27 November 2020, 88 parties (identified under our Phase 1 Work) were contacted and provided with the initial teaser document.

Subsequently, nine parties completed and returned a signed NDA in order to obtain detailed financial information in order to undertake due diligence with a view to submitting an offer for the business and assets.

Due to the Company's deteriorating cash flow position as a result of the on-going US legal costs, a deadline for indicative offers was set for 12:00pm on Wednesday 9 December 2020.

Two offers were subsequently received, one from a trade party (private equity funded) and one from the existing shareholder via S1E (a dormant Group company). Key terms of the offers are summarised as follows based on the balance sheet Net Book Values ('NBV') at 30 September 2020:

Offer 1 Trade Party

- £500,000 on completion
- £125,000 payable within six months following completion accounts and stock takes
- £137,000 payable in instalments over 24 months linked to non-compete clauses
- Debt free, cash free
- Normalised working capital assumed
- Limited legal and financial due diligence

Offer 2 S1E

- £915,000 consideration on completion made up as follows:
 - 40% of stock - £370,000
 - 80% of trade debtors - £470,000
 - Certain other assets - £75,000
- Cash free on completion
- Completion adjustments to reflect the balance sheet position on completion based on the above percentages where relevant
- No due diligence and completion by 18 December 2020
- Commitment to repay trade creditors following completion up to the value of £350,000
- All employees to be transferred by Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE')

Based on the two offers received, it was concluded that the offer from S1E represented the highest value and consequently best return for creditors as a whole. It was also deliverable quickly, which would help prevent further cash outflows from the Company. Consequently, we confirmed to S1E that we would progress with them as the highest and preferred bidder with a view to agreeing a SPA.

As detailed previously, two parties were not initially included in the AMA process at the request of the Company, with this decision supported by advice received from the Company's legal advisors. We had repeatedly discussed the need to include both parties in the AMA process throughout our engagements. Following receipt of the above offers, the Company confirmed its agreement to include the two parties in the AMA process. The circumstances relevant to the two additional parties are as follows:



1. Major Competitor ('Competitor')

As the business operates in a niche sector (supplier of sewer repair supplies/equipment), Management were concerned about the potential disruptive impact of the Competitor within the AMA process from the outset, which could damage the business and consequently the outcome for creditors.

Whilst we have consistently advised the Company that the Competitor would need to be included in the AMA process to deliver a fair business and assets sale solution (as potential Administrators), Management was concerned that the business and consequently its value could be impacted by any adverse market disruption by the competitor. Management did, however recognise the need to appropriately include the Competitor at the relevant time.

Throughout the AMA process, Management took pre-cautionary steps with key stakeholders (including suppliers and employees) to manage the potential adverse consequences of launching an accelerated sale process.

Legal advice from the Company's solicitors supported Management's approach, whilst also confirming our previously communicated view that the Competitor must be included in the process at the relevant time to ensure a fair SIP16 compliant process.

Once it became clear that there was a realistic prospect of delivering a business and assets sale solution, we discussed with Management and their legal advisors the need to actively market the business to the Competitor in order to ensure the market had been fully tested and consequently ensure compliance with SIP16. This included giving a comparable time period for the Competitor to consider the opportunity (should they be interested) as with other interested parties.

The Company's solicitors confirmed in their advice that the above course of action was both appropriate and necessary, balancing the need to protect the business from the potential of adverse disruption and delivering the best outcome to creditors.

As a result, the Competitor was contacted on 10 December 2020 to ascertain whether they had any interest in purchasing the business and assets and were requested to confirm by close of business on 11 December 2020. However, in the absence of a response, despite being contacted again by us on 11 December 2020, we have assumed that they are not interested in the business and assets.

2. US Litigating Contingent Creditor ('USLCC')

Subject to further assessment of the on-going litigation, there is the potential for USLCC to be a major creditor of the Company. Consequently, since the outset of the AMA Process, we have discussed with Management the need to consider USLCC as a potentially interested party in the AMA process.

Company management and their legal advisors expressed significant concern regarding this approach on the basis that it could jeopardise the on-going legal process in the US (potentially resulting in a significant liability being crystallised to the detriment of other creditors).

Legal advice from the Company's solicitors supported the view from Management that USLCC should not be included in the AMA process given the risk of doing so.

However, once we progressed the AMA process and had clarity that a business and assets sale via a pre-packaged sale was deliverable, we discussed again with Management and their legal advisors the inclusion of USLCC into the sales process. The rationale was that USLCC could be a major creditor (subject to clarification of the claim value) and consequently it was appropriate to allow them the opportunity to support a solution, notwithstanding the concerns of the Company associated with the on-going US litigation.



Following the filing of the NOI on 11 December 2020, we agreed with Management (which was again supported by their legal advisors) that USLCC should be contacted to establish whether they had any interest in purchasing the business and assets of the Company.

Consequently, USLCC were contacted on 11 December 2020 and invited to confirm whether they had any interest in the business and assets with a request that they respond by 12:00pm on 14 December 2020.

In the event that USLCC expressed an interest, they would have been provided the same amount of time as the other parties to undertake their due diligence (to ensure that all parties were treated fairly throughout the process).

We did not however receive a response from USLCC and have, therefore, assumed that they have no interest in acquiring the business and assets.

Independent Valuation of Certain Company Assets

As part of our review of the Company's financial position pursuant to our Phase 1 Work, independent valuation agents SW were engaged by the Company to provide a valuation of the Company's tangible fixed assets and stock.

The valuation has been prepared in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Global Standards 2020.

SW have confirmed that they hold professional indemnity insurance policy of £1 million (which could be increased to £5 million), which is sufficient to cover the value of any assets being valued by them.

The valuation was undertaken on 13 November 2020 by Robert Wilkinson, who has over 30 years of experience. He possesses the required skills, experience and understanding necessary to undertake the valuation competently.

The assets were valued as follows:

- Market value as a whole in its working place (i.e. on an 'in-situ' basis), which represents the value of the assets to a purchaser intending to continue the business as a going concern; and
- Market value for removal from the premises (i.e. on an ex-situ basis) where the items are removed from their current location at the expense of the purchaser, within a marketing period of 90 days.

Assets	Net Book Value (Sept 2020) (£)	Market Value Ex-Situ (£)	Market Value In-Situ (£)
Plant & Machinery, Fixtures & Fittings and vehicles	126,496	35,000	75,000
Stock	925,412	46,271	92,541
Key Assumptions			
Stock		5-10%	40%

Due to Covid-19, the SW valuation report has been caveated as follows:

"Due to the pandemic of Covid 19, as at the inspection date we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value, indeed



the current response to Covid-19 means that we face an unprecedented set of circumstances on which to base our judgement.

Our valuation is therefore reported on the basis of 'material valuation uncertainty' as detailed in the Red Book VPS 3 and VPGA 10. Consequently, less certainty and a higher degree of caution should be attached to our valuation than normally would be the case.

The practical aspects of this are that we have made our valuations based on the expected market conditions, opinions and comparables before the outbreak. However, for the duration of the outbreak, we would be unable to put an auction sale or other sale together with travel for the necessary site visits for inspections, viewing by buyers, sale, removal and delivery of the assets to buyers. It is likely that there would be a reduction in buyers and therefore affect competitive bidding.

The effects on the market and values will not be known during the outbreak and indeed the stock market and other financial markets have been unable to assess the level at which market participants will buy despite their very liquid assets even with the support of substantial government interventions. There are just too many unknowns currently. We are led to believe the outbreak is not expected to be a long-standing restraint on sales but currently the expected marketing and removal periods would or could fall into the timescales that we have heard from Governments across the world so far."

Taking into account the above, we are of the view that a comprehensive marketing exercise has tested the market value prevailing at the current time and circumstances.

SW have also reviewed the offer from STE and confirmed in writing that it represents the best available solution.

SW's fees and disbursements in respect of the valuation have been paid by the Company prior to our appointment.

Other Company Assets

Certain assets (i.e. working capital related assets) were not included in SW's independent valuations. These included:

Book Debts

Book Debts have been valued based on an independent assessment undertaken by BDO as part of our earlier options and estimated outcome statement work. The amount allocated on an ex-situ and in-situ basis are based on 65% and 80% of total trade debtors respectively. We have considered the risk of bad-debt, set-off, counter claims and other disputes within this assessment.

Pre-Payments

Given the nature of the pre-payments, it is assumed that there would be no recovery in an ex-situ and in-situ basis.

Other Assets

Other assets represent a revaluation in relation to 2019 exchange variances. As such, we have assumed that there would be no recovery in an ex-situ and in-situ basis.



Sale of the Company's Business and Certain Assets

As detailed previously, the offer received from S1E represented the highest bid as part of the AMA process. Consequently, based on our review of the offers received and consideration of the alternative option if a pre-packaged business and assets sale is not achieved (i.e. the business is closed and assets are sold on a piecemeal basis) we determined that a pre-packaged sale to S1E should be progressed for the following reasons:

- It represents the highest asset realisation compared with the alternative offer and an ex-situ scenario and, therefore, provides the best outcome for creditors as a whole;
- It was possible to complete a sale quickly and without the need to complete due diligence thereby preventing a deterioration of the Company's cash at bank position (particularly in light of the on-going US legal cost cash outflows) further improving the level of funds available to creditors;
- There are no conditions/clauses attached to the offer;
- The offer from S1E includes a term whereby they pay up to £350,000 of trade creditors following the transaction (most likely resulting in a full recovery for these trade creditors) which will place those creditors in a better position whilst also reducing total creditor claims in the process thereby enhancing the overall dividend to residual creditors;
- A pre-packaged sale will avoid the need to make any redundancies thereby reducing creditor claims (both preferential and unsecured) when compared with an immediate closure of the business;
- There are no holding costs attached to the Company's leasehold property which would be an expense in the Administration should a pre-packaged sale not be achieved and the assets are sold on an ex-situ basis; and
- The sale to S1E provides a greater certainty for the outcome to creditors than what may be achieved if a pre-packaged is not transacted.

Consequently, the sale subsequently completed on 21 December 2020.

The consideration paid on completion based on an accounts cut-off date of 16 December 2020 was:

Assets	Consideration on completion (£)
Goodwill	1
Equipment	75,000
Stock Work in Progress	370,971
Work in Progress	1
The benefit (subject to the burden) of the Contracts	1
Business Information and Records	1
Intellectual Property Rights & Owned Software	1
Licensed Software	1
Domain Name(s)	1
Book Debts	562,824
Total	1,008,802

There is a reconciliation mechanism in the SPA in order to finalise the consideration payable based on the closing balance sheet and associated asset values at the date of completion, which will be undertaken in January 2021. Whilst significant movements are unlikely, the SPA includes protection such that the final consideration will not be lower than £915,000 following the completion reconciliation.



Assets excluded from the transaction

At the date of Administration the Company held bank accounts with credit balances totalling £320,320. The Joint Administrators will seek to recover these funds for the benefit of the creditors.

In conclusion, we consider that the sales process was appropriate given the circumstances and the transaction to S1E provides the best outcome to creditors as a whole.

Other Matters Relating to the Sale to S1E

- **Licence to Occupy** - As a condition of the sale, the Company and S1E have agreed a Licence to Occupy ('LTO') in relation to the Company's leasehold trading premises for a period six months to 20 June 2021. A licence fee equal to the passing property costs under the Company's lease for the period to 24 March 2021 was paid on completion with the balance (for the period 25 March 2021 to 20 June 2021) due 10 business days prior to 24 March 2021. If S1E agrees a novation or new lease with the Landlord the LTO will terminate and S1E will receive a refund in respect of the remaining term of the LTO.
- **Employees** - All the Company's employees (15) transferred to S1E on completion, therefore, significantly mitigating employee unsecured claims for notice pay and redundancy of approximately £85k. Furthermore, S1E has adopted all accrued employee liabilities outstanding at the date of completion, hence enhancing the overall value of the sale by reducing preferential claims in the Administration estimated at c£7k.
- **Options, buy backs or similar** - There are no conditions, options, buy-back arrangements or other similar conditions attached to the SPA.
- **Connected party transactions** - As noted, the transaction related to a sale of the Company's assets to a connected party.
- **Pre-pack Pool** - The pre-pack pool is an independent body of experienced business people set up in response to a series of recommendations contained in the Teresa Graham report on pre-packaged administrations. The Pool member will offer an opinion on the purchase of a business and/or its assets by connected parties to a company where a pre-packaged sale is proposed. If viewed favourably, the Pool member will issue a response to the effect that it is not in his/her opinion unreasonable to proceed.
- Although engagement of the pre-pack pool is voluntary, S1E have engaged the pre-pack pool to consider and provide an opinion on the sale. The member's opinion is detailed below with the full response attached at Appendix 1:

"Based on my review, I have not found anything to suggest that the grounds for the proposed pre-packaged sale outlined in the application are unreasonable."

- **Viability Statement** - A viability statement can be prepared by connected parties wishing to make a pre-packaged purchase, stating how the purchasing entity will survive for at least 12 months from the date of the proposed purchase. A summary of the viability statement provided by S1E is detailed below:
 - S1E considers that the underlying business is profitable and cash generative. The expectation is therefore that the business will be self-sustaining going forward absent the US litigation and the significant costs that are having to be met in relation to that.
 - The management team of S1E are highly experienced in the market in which the Source One business operates, and have strong personal relationships with the existing customers, suppliers and employees of the business.



- Once the business is able to operate without the significant cost and management-time that the US litigation is placing upon it, the management of S1E are confident that the Source One business will trade profitably going forward. Based on the 12 month financial forecasts that have been prepared to 31 December 2021 by the directors of S1E, the business is forecast to generate a turnover of £4.478m, and make an operating profit of £358,000 in the first 12 months to 31 December 2021 under the ownership of S1E. The projections are therefore that the underlying business is robust and will be able to operate successfully and on a business as usual basis.
- S1E has material additional financial resources available to it to meet any working capital needs of the business in the short to medium term. Cooper Companies Inc, the ultimate parent company of S1E, has stated that members of S1E's wider group have cash resources available to them of at least £2m, which they are prepared to make available to S1E by way of Intercompany loan to fund the acquisition of the Company's business and assets and to meet the working capital requirements of that business going forward. The £2m will provide S1E with significant working capital headroom, even after satisfying the purchase price and settling other acquisition costs incurred by S1E. The management of S1E are confident that this headroom will be more than sufficient to meet the working capital requirements of the Source One business, and that under S1E's new ownership, the Source One business will be able to thrive and trade profitably going forward.

Consultation with Major Creditors

As detailed previously, the US contingent creditor has been made aware of the business sale process, albeit no response was received.

The Group, as a large creditor, has been consulted given their involvement throughout the prior BDO work and appointment process.

Management has engaged with the Company's key suppliers following the commencement of the AMA process in order to manage their expectations and secure support whilst the process progressed to completion.

It was not deemed necessary to consult with all unsecured creditors in respect of the sale because:

- care has been taken to ensure that unsecured creditors are not unfairly prejudiced and the sale to S1E will provide the best available return to unsecured creditors;
- the sale to S1E includes provision to substantially repay outstanding trade creditors;
- communication with certain creditors prior to the sale could have jeopardised completion of the transaction had they discontinued supply and affected the ability of the business to continue to trade following the sale; and
- the Administrators are seeking to satisfy objective (b) of paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, being 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).

Alternative Options Considered

(i) Additional funding / investment

When undertaking our Phase 1 Work in November 2020 the Company's short term cash flow forecast indicated that the Company would require additional funding in late December 2020/early January 2021 to meet the on-going legal costs for defending the US litigation claim. The Group confirmed that it is not prepared to provide additional funding due to the risks



attached to the litigation claim and the potential costs if the Company was unsuccessful in defending its position.

The Company does not have any bank debt facilities. Furthermore, it was not considered appropriate by the Directors to incur further credit given the financial position of the Company.

(ii) Sale of Shares

Given the financial position of the Company, and in particular the on-going litigation, a solvent solution was highly unlikely to be deliverable given any purchaser would be unwilling to adopt the on-going legal costs and inherent risks attached to the litigation claim. This was substantiated through the AMA process.

(iii) Administration

The only other viable option considered was the Company immediately entering Administration, allowing the Administrators to explore solutions within the process.

Management and the Shareholder were keen for the business to continue trading in order to preserve the continuity of business and the employment of the Company's workforce. There was a material risk that a solution that maintained on-going trading would not be deliverable following the appointment of Administrators or that value could have been eroded by adopting this approach. A pre-packaged sale of the business as transacted protects against the adverse risks of this option by preserving the continuity of trade.

Purpose of Administration

The statutory purpose of an Administration consists of three objectives, and we now address the progress that has been made in this respect.

- 1) The first objective is rescuing the Company as a going concern (ie restructuring the business, resulting in the survival of the corporate entity).

No offers were received for the shares nor was it possible to restructure or refinance the Company appropriately given the ongoing US litigation and costs associated with this. As such, the first objective could not be achieved.

- 2) The second objective is to achieve a better result for creditors as a whole than would be likely if the company were wound-up (without first being in Administration).

The estimated return to creditors as a whole via a pre-packed business and assets sale provides a better return to the Company's creditors as a whole than a sale of the assets in an ex-situ basis via a Liquidation.

Given the above, the second objective will be achieved.

- 3) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors. This objective will be achieved by way of a distribution to the Company's preferential creditors, being HMRC by virtue of the recent change in the preferential status.

Prescribed Part

The Prescribed Part ('PP') provides for an element of the Company's net floating charge realisations, after the settlement of preferential creditors, to be set aside for the benefit of the Company's unsecured creditors provided the qualifying floating charge was created after 15



September 2003. As the Company granted a floating charge after 15 September 2003 the PP provisions will apply in this Administration.

Notwithstanding the above, as there are no monies due to the Bank, the PP will not apply in this Administration.

Notice pursuant to Rule 1.50 of the Insolvency (England and Wales) Rules 2016 regarding future communications

Notice is hereby given that all future documentation will be available for viewing and downloading at

<https://tripoporter-ibdo.co.uk>

Username: 00339750

Password: N227WK88

with the exception of:

- Notices of intention to declare a dividend
- Documents for which personal delivery is required
- Documents which are not delivered generally
- Documents which we consider should be brought to the attention of members and creditors.

The Joint Administrators' proposals will be available on the website as soon as reasonably practicable and no later than eight weeks after the Company entered Administration. For the avoidance of doubt, documents relating to decision procedures regarding the approval of the Joint Administrators' proposals, the establishment of a creditors' committee, the approval of the basis of the Joint Administrators' pre-Administration costs, Joint Administrators' remuneration and category 2 disbursements and the timing of the Joint Administrators' discharge from liability will be published on the above website.

Notice of the creditors' decision on the approval of the Joint Administrators' proposals, together with the outcome of any other decision procedures will be available on the website within one week of the relevant decision date.

Progress reports will be available on the website within one month of each six month period from the date of appointment of the Joint Administrators.

The Joint Administrators' final progress report will also be made available on the website. It is not possible at this stage to predict when this will be available.

Unless you are notified otherwise, should the Company move from Administration to Liquidation, progress reports will be available on the website within two months of each twelve month period from the date of appointment of the Joint Liquidators, together with the Joint Liquidators' final account and documents relating to decision procedures including the approval of the basis of the Joint Liquidators' remuneration.

We will not advise you separately of the dates on which documents are published but if you log onto the website you will be able to set up email alerts that will tell you when new documents have been published that relate to the Company's insolvency.

If you would prefer to receive a hard copy of any documents currently available for viewing on the above website and/or future documents of if you have any difficulty in accessing the website you may at any time contact our colleague at the contact details provided above.



For all other matters, the Joint Administrators would like to communicate with you by email. Please can you confirm your email address to the email address above, so that we can be sure that we have your correct details. You are entitled to ask us to write to you by Royal Mail if you would prefer us to do so, although we are allowed by law to assume that we can communicate with you by email if the Company normally contacted you in this way.

Creditors have the right to opt-out of receiving notifications in respect of this Administration. If a creditor opts out they will still receive notices regarding any notices of dividend or any change in officeholder, but no other documents. Opting out will not affect a creditor's entitlement to dividends, subject to proving their debt and they may still vote in any future decision procedure, although the creditor will not receive notice in this latter respect. A creditor may elect to opt-out by writing to us at the address at the top of this letter. To opt back into communications a creditor must notify us in writing.

Creditors' Rights and Enquiries

If you claim retention of title in respect of goods delivered to the Company please refer the details included in our initial notification to creditors dated 22 December 2020.

Creditors who are registered for VAT should be able to obtain VAT bad debt relief in respect of unpaid supplies, six months after the date that payment was due for the supply. Bad debt relief is subject to compliance with HMRC requirements (see VAT Notice 700/18).

Creditors may access Information setting out creditors' rights in respect of the approval of the Joint Administrators' remuneration and information on the rights, duties and functions of a creditors' committee at <https://www.bdo.co.uk/en-gb/insights/advisory/business-structuring/creditors-guides>

The Insolvency Service has established a central gateway for considering complaints in respect of insolvency practitioners. In the event that you make a complaint to us but are not satisfied with the response then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code can be found at <https://www.icagw.com/technical-ethics/icagw-code-of-ethics/icagw-code-of-ethics>.

At this stage the Joint Administrators have not made any detailed investigation into the affairs of the Company. The Joint Administrators therefore invite creditors to provide any information that they have which may assist in the administration of the Company, a questionnaire is enclosed.

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

Yours faithfully
For and on behalf of
Source One Environmental Limited

M Thornton
Joint Administrator

Encs.
Appendix 1 – Pre pack pool response
Notice of Joint Administrators' Appointment
Proof of Debt Form
Creditors' Questionnaire
Joint Administrators' Estimated Outcome Statement

Appendix 1: Pre-Pack Pool Response

OPINION ON PROPOSED PRE-PACKAGED SALE INVOLVING:

Source One Environmental Limited AND Glenn Carnegie (S1E Limited)

This opinion has been given by me in accordance with the request made by Glenn Carnegie to Pre-Pack Pool Ltd. Glenn Carnegie is a controlled party to Source One Environmental Limited because they were a director / shadow director or company officer of Source One Environmental Limited who is or will become a director / shadow director or company officer of S1E Limited.

I have reviewed the evidence provided by Glenn Carnegie. This consists of:

1. Application Information
2. New Co Forecast to 31/12/21
3. Aged Creditors to 30 Nov 2020
4. Aged Debtors to 30 Nov 2020
5. Synchron Weatherdata - Asset valuation

In undertaking my review I have relied on the information and evidence provided by Glenn Carnegie and have not undertaken a detailed audit or verification of the information or evidence provided.

For the avoidance of doubt I express no opinion on whether S1E Limited is, or will in the future remain a going concern. This is a matter for Glenn Carnegie. Neither do I express an opinion on any decision of the administrators of Source One Environmental Limited to enter into a pre-packaged sale. This is a matter for the administrators.

The administrators' duties relate to Source One Environmental Limited and its creditors in relation to S1E Limited and its creditors in future and for any other person. The administrators' duties are not affected by this opinion.

The request for an opinion is voluntary and no liability attaches to me or to Pre-Pack Pool Ltd as a result of this opinion.

I confirm that I have no personal, professional or other relationship with any party connected to Source One Environmental Limited or S1E Limited, and that no relationship / bias or ethical conflict exists which prevents me from evaluating this application solely on its merits.

Opinion

Based on my review I have not found anything to suggest that the grounds for the proposed pre-packaged sale outlined in the application are unreasonable.

Phil Richardson

17/12/2020

Rule 3.27
Insolvency
(England and
Wales) Rules
2016

The Insolvency Act 1986

Notice of Administrators' appointment

R.3.27(4)(b)

Name of Company	Company number
Source One Environmental Limited	06160389
In the	Court case number
High Court of Justice	
Business and Property Courts in Leeds	
Insolvency and Companies List (ChD)	CR-2020-LDS-000889
[full name of court]	

The registered office of Source One Environmental Limited is situated at: Endeavour Works, Newlands Way Wombwell, Barnsley, S73 0UW to be changed to c/o BDO LLP, 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

R.3.27(4)(a)

R.3.27(4)(c)

The Administrators: Mark Robert Thornton (officeholder number: 25650) and Francis Graham Newton (officeholder number: 9310) both of BDO LLP, 6th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, were appointed Joint Administrators of the Company.

Appointment date: 21 December 2020

Signed



Dated

23 December 2020

Joint Administrators

Contact: C/O: BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Email: BRC/ATNorthandScotland@bdo.co.uk
Telephone: +44 (0)151 237 4500

Proof of Debt Form
Source One Environmental Limited - In Administration
Company No: 06160389

Debt as at the date of the Company entered Administration: **21 December 2020**

1	Name of creditor (if a company please also give company registration number and where registered).
2	Address of creditor including email address for correspondence.
3	Total amount of claim, including any Value Added Tax at the above date.
4	If amount in 3 above includes outstanding uncapitalised interest please state amount.
5	Particulars of how and when debt incurred. (If you need more space append a continuation sheet to this form).
6	Particulars of any security held, the value of the security, and the date it was given.
7	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.
8	Provide details of any documents by reference to which the debt can be substantiated. (Note: There is no need to attach them now but the Joint Administrator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting).
9	Signature of creditor or person authorised to act on his behalf Dated
<hr/>	
Name in BLOCK LETTERS	
<hr/>	
Position with or in relation to creditor	
<hr/>	
Address of person signing (if different from 2 above)	
<hr/>	

Please return the completed form to the Joint Administrators, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH or via email to 3891413@bdo.co.uk or liverpool@bdo.co.uk.

Questionnaire

Ref: SOURCEONE/C1/MT/T8

Re: Source One Environmental Limited - In Administration
Registered Number: 06160389

Creditor's name:	
Address:	
Estimated claims:	£
What was the authorised Credit limit?:	£
Was any security, guarantee or assurance given to you in respect of on-going trade?:	
When did you first encounter delays in obtaining payment of your account, and do you have any evidence?:	
Please provide details of any legal proceedings you took to recover your debts:	
Please supply details of any cheques which were not honoured, including amounts and dates:	
If there is any other information you wish to supply, or issues you consider should be reviewed, please provide brief details on the reverse of this form.	
Date:	
Signature/ Authentication:	
Name:	
Position:	
Please return the completed form to the Joint Administrators, Mark Robert Thornton, BDG LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH or via email to BRG@NorthandScotland@bdg.co.uk .	

Source One Environmental Limited - In Administration
Estimated Outcome Statement

	Net Book Value (£)	Sale to S1E Ltd Estimated Outcome (£)	ADM - Shutdown Estimated Outcome (£)
Fixed Assets			
Good wil.	-	1	-
Equipment	124,254	75,000	35,000
Total	124,254	75,001	35,000
Floating Assets			
Cash at Bank	320,320	320,320	320,320
Stock	927,426	370,971	69,557
Work in Progress	-	1	-
The Benefit (subject to the burden) of the Contracts	-	1	-
Business Information and Records	-	1	-
Intellectual Property Rights and Owned Software	-	1	-
Licensed Software	-	1	-
Domain Name(s)	-	1	-
Debtors	702,530	562,824	457,295
Prepayments	52,057	-	-
Other Assets	23,860	-	-
HP Assets	-	-	-
Rent	-	24,000	-
Total	2,027,193	1,278,121	847,172
Total Asset Realisations	2,151,447	1,353,122	882,172
Cost of Realisations		(168,450)	(211,120)
Funds available for Preferential Creditors		1,184,672	671,051
Less Preferential Creditor Claims			
Employee Claims		(3,123)	(9,923)
HMRC Claims		(193,275)	(193,275)
Total		(196,398)	(203,198)
Funds available for Unsecured Creditors Creditors		988,274	467,853
Less Unsecured Creditor Claims			
Unsecured Creditor Claims		(2,144,143)	(2,229,143)
Revised claims after up to £350,000 have been paid by S1E Ltd		(1,794,143)	-
Estimated Deficiency as regards Unsecured Creditors		(805,969)	(1,761,290)
Less Ordinary Shareholding			
Shareholder		(100)	(100)
Total Estimated Deficiency		(805,969)	(1,761,390)
*Estimated dividend to Unsecured Creditors		0.55	0.21

*Subject to assessment of unsecured creditor claims. This does not however take into account any potential claim from the litigation creditor in the US.