Rule 2 33

Form 2 17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company	Company number
PH Impetus Holdings Limited	06998302

In the	Court case number
High Court of Justice, Chancery Division, Birmingham District Registry [full name of court]	8114 of 2015

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

We (a)

William James Wright	Richard James Philpott
KPMG LLP	KPMG LLP
One Snowhill	One Snowhill
Snow Hill Queensway	Snow Hill Queensway
Birmingham	Birmingham
B4 6GH	B4 6GH

*Delete as applicable

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 23 April 2015

Signed

Will Wright, Joint Administrator

Dated 23 April 2015

Contact Details·

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form The contact information that you give will be visible to researchers of the public record

James Portwood	
KPMG LLP	
One Snowhill	
Snow Hill Queensway	
Birmingham	
B4 6GH United Kingdom	
DX 709850 Birmingham 26	Tel 0115 9353429

TUESDAY

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A24 28/04/2015 #204

COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

PH Impetus Holdings Limited - in Administration

Joint Administrators' proposals

23 April 2015

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor

You will find other important information in the document such as the proposed basis of our remuneration

A glossary of the abbreviations used throughout this document is attached (Appendix 6)

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, **http://www insolvency-kpmg co uk/case+KPMG+PF323A3311.html** We hope this is helpful to you

Please also note that an important legal notice about this statement of proposals is attached (Appendix 7).

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1 Executive summary

- The Company, along with IASL and PHIG are holding companies for IAL, the only trading entity within the Group (Section 3 - Background and events leading to the administration)
- IAL, which is involved in providing consultancy services to the automotive industry, lost two major customer contracts in 2014, which led to a significant reduction in sales and profitability Revised forecasts highlighted a significant funding requirement, in excess of current banking facilities, which the stakeholders of the Group indicated they were unlikely to fund (Section 3 1 - Background information)
- As such, KPMG were engaged to explore the options available for the Group, including the investment and sale options As part of this sales process, five offers for the Group were received on a solvent basis, and later one offer was received that required the sale to be transacted via a pre-packaged administration (Section 3 3 – Events leading to the administration)
- It was evident that the solvent offers were undeliverable (for a variety of reasons, as detailed within the SIP16 memorandum attached at Appendix 5), and so it was concluded that the best outcome for creditors as a whole would be to proceed with the offer on a pre-packaged basis and for the Company to be placed into administration
- Will Wright and Richard Philpott, both of KPMG, were appointed as Joint Administrators of the Company by the Company's directors on 26 March 2015 to conclude the transaction (Section 3 5 - Appointment of Joint Administrators)
- Will Wright and Richard Philpott were also concurrently appointed as Joint Administrators of IASL and PHIG, the other non-trading companies within the Group IAL, the only trading entity within the Group, has not entered any form of insolvency and is unaffected by the administrations of the Holding Companies (Section 4 - Strategy and progress of the administration to date)
- Immediately following our appointment, a sale of the unregistered IPR of the Holding Companies, along with the shares in IAL (held by PHIG) was completed for consideration totalling £165,000 Sale consideration was apportioned as per the offer from the Purchaser as follows £35,000, £15,000 and £115,000 for IASL, PHIH and PHIG respectively The Purchaser also paid £3,560 in relation to the intercompany debt owed by IAL to PHIG (Section 4 - Strategy and progress of the administration to date)
- The Bank and LBCF, the Group's funders, both held fixed and floating charges over the Company's assets At the time of appointment the Bank had an indebtedness totalling £1 05 million plus accrued interest as a result of a term loan provided to IASL, which the Group, including the Company, had cross-guaranteed There were no amounts outstanding to LBCF under their invoice discounting facility, either directly or via any cross guarantees provided by the Company Shortly following our appointment, IAL made a significant payment towards the outstanding debt due to the Bank, resulting in there only being a nominal amount totalling £406 outstanding (Section 5 - Dividend prospects)
- There were no employees on our appointment giving rise to any preferential claims (Section 5 - Dividend prospects)
- Based on current estimates, it is highly unlikely there will be a dividend to unsecured creditors (Section 5 - Dividend prospects)
- At this stage, we anticipate the most likely exit route will be for the Company to be placed into dissolution The Company will then be dissolved three months after a notice of dissolution is registered at Companies House (Section 6 - Ending the administration)
- It is not necessary to hold a meeting of creditors because it appears that the Company has insufficient property to make a distribution to unsecured creditors (Section 7 2 on page 10 provides details of the process required to request a meeting)

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- We propose to seek approval from the Secured Creditor that
  - Our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with KPMG's usual charge out rates for work of this nature
  - Disbursements for services provided by KPMG (defined as category 2 disbursements in SIP 9) will be charged in accordance with KPMG's policy as set out in Appendix 3
  - Pre-administration costs to be paid as an expense of the administration (Section 8 – Joint Administrators' remuneration and disbursements)
- This document in its entirety is our statement of proposals A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT

Will Wright
Joint Administrator

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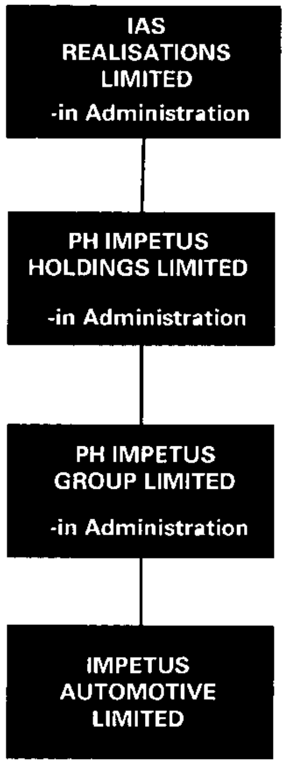
2 Group structure

The Group is comprised of four entities, one of which is trading and three of which are holding companies of the trading entity, either directly or indirectly A group structure is detailed below



Impetus Automotive Limited

IAL is the trading entity within the group Its principal activity involves providing consultancy services to the automotive industry, by working with vehicle manufacturers to assist them, and dealer networks, increase sales of parts and accessories IAL has not entered any form of insolvency and is unaffected by the administrations of the Holding Companies

PH Impetus Group Limited – in Administration

PHIG is the immediate holding company of the trading entity, owning 100% of the shares In addition to the shares it held in IAL, its only known assets at appointment were are an intercompany debt totalling £3,560 owed by IAL, which has been paid in full, and unregistered IPR, which has been sold to the Purchaser

PH Impetus Holdings Limited – in Administration

PHIH is the immediate holding company of PHIG, owning 100% of the shares It has no known assets except the shares it holds in PHIG and unregistered IPR, which has been sold to the Purchaser

IAS Realisations Limited – in Administration (formerly Impetus Automotive Solutions Limited)

IASL is the immediate holding company of PHIH and ultimate shareholder of the trading entity, IAL (for which it had an effective 100% control) In addition to the shares it holds in PHIH, its only assets

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on appointment included an intercompany debt totalling £1 2 million owed by PHIH, a nominal amount of cash at bank, a rent deposit totalling £81,648 in relation to the leasehold property occupied by IAL and unregistered IPR, which has been sold to the Purchaser

Proposals

To obtain copies of the other Holding Companies' proposals, please contact James Portwood on 0115 935 3429

3 Background and events leading to the administration

3.1 Background information

As previously detailed, the Company, along with IASL and PHIG, are holding companies for IAL, which was the only trading entity within the Group The Group's majority shareholder is Livingbridge, who effectively owned 49 77% of the Group, with members of the current and former management also having a stake in the business

The Group, which was based on Edgehill Drive, Warwickshire, provided consultancy services to the automotive industry It worked with vehicle manufacturers to assist them, and dealer networks, increase sales of parts and accessories As at the date of our appointment, the Group had approximately 200 members of staff, however all these were employed directly by the Trading Company and therefore unaffected by the administration

3.2 Funding and financial position of the Company

In the year ended 31 March 2014, according to the audited accounts, the Group had a turnover of £15 55 million with a corresponding loss before tax for the year of £581,034 The unaudited management accounts do not provide turnover levels, however this has been estimated at £14 million for the year prior to appointment

For the 10 month period ended 31 January 2015, the Trading Company's unaudited net revenue was £9 7 million, with an adjusted loss before tax of £0 1 million This loss is stated after allocating certain on-going central costs, amounting to £0 65 million for the 10 month period

The Group funded working capital through a term loan and a CID facility

At the time of appointment, the Bank had an indebtedness of £1 05 million plus accrued interest as a result of the term loan provided to IASL, which the Group, including the Company, had cross-guaranteed

There were no amounts outstanding to LBCF under their invoice discounting facility Creditors should note that after appointment, we understand that LBCF allowed IAL to draw down £400,000 from the CID facility This amount was in excess of the funds available under the CID facility, but was made available in order that the Trading Company's wages could be met on 26 March 2015 The amount was made available due to LBCF receiving a guarantee from the Purchaser for this amount

3.3 Events leading to the administration

In 2014, the Trading Company lost two major customer contracts, resulting in a reduction in sales and profitability Revised forecasts highlighted a significant funding requirement, in excess of current

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banking facilities, which the shareholders and other stakeholders of the Group indicated they were unlikely to fund

Given the situation the Group was facing, KPMG were introduced to the Group on 22 December 2014 KPMG were first formally engaged by IASL (acting on behalf of the Group) on 9 January 2015 to explore the options available for the Group, including the investment and sale options available As part of this work, KPMG also provided stakeholder liaison, cash monitoring and contingency planning assistance to the Group

A formal sales process commenced on 12 January 2015 and was designed to work within the Group's short term cash flow forecast as set out by management This identified an additional working capital requirement during week commencing 23 March 2015

Interested parties were identified through extensive buyer research, sector knowledge, KPMG contacts and management's awareness of competitors In total, 112 financial investors and two trade parties were contacted Non-Disclosure Agreements were signed by 13 parties who were provided with access to a data room containing relevant financial and other information on the Group Management held meetings with eight parties and follow up meetings with six parties

Following these meetings, five solvent offers were received for the Group, however, it was evident that these offers were undeliverable for a variety of reasons An offer on a pre-packaged basis was subsequently made, and given that no deliverable solvent offers were forthcoming, it was concluded that the best outcome for creditors as a whole would be to proceed with the pre-pack offer, and for the Holding Companies to enter administration to facilitate such transaction Further information regarding the offers received is set out in the SIP16 memorandum appended at Appendix 5

At the time of our appointment, we disclosed to the Court details of the work carried out by KPMG up to that time

We are satisfied that the work carried out by KPMG before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics

3.4 Pre-administration work

As detailed above, Will Wright and Richard Philpott were introduced to the Group, including the Company, following a referral from its largest shareholder, Livingbridge This led to KPMG being formally engaged on 9 January 2015 to explore the options available for the Group, including the investment and sale options

Once it was evident that the solvent offers being put forward were likely to be undeliverable, the only other alternative was for the Holding Companies, including the Company, to be placed into administration Following this, the work involved in order to proceed with the pre-packaged sale incurred pre-administration costs

A summary of the work which was undertaken, prior to our appointment and once it had become clear that the solvent offers were undeliverable is detailed below

- KPMG conducting pre-administration checks and advising the Director's regarding the administration appointment,
- KPMG assisting with the sale of shares and IPR detailed in the SIP16 memorandum (once it was evident that the solvent offers were undeliverable),

KPMG

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- KPMG liaising with the key stakeholders, including the Bank and LBCF (once it was evident that the solvent offers were undeliverable),
- KPMG assisting in the preparation of the appointment documentation,
- DLA assisting with the preparation and filing of the appointment documentation, and
- DLA assisting with the negotiation of the sale of the shares and IPR and subsequent delivery of the Share Sale Agreement (once it was evident that the solvent offers were undeliverable)

Given that the above work was undertaken once it had become clear that the solvent offers were likely to be undeliverable, the work was therefore directly attributable to the Holding Companies, including the Company, entering administration

We are satisfied that the work carried out by KPMG before our appointment, including the pre-administration work summarised above, has not resulted in any relationships which create a conflict of interest or which threaten our independence

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics

Further details of the work performed, the reasons the work was carried out prior to the Company entering administration and confirmation of how this work has helped further achieve the purpose of the administration are set out in the SIP16 memorandum appended at Appendix 5

Further analysis of the time costs in relation to the pre-administration work can be found at Appendix 3

3.5 Appointment of Joint Administrators

The directors resolved on 26 March 2015 to appoint us as Joint Administrators of the Company

The notice of appointment was lodged at the High Court of Justice, Chancery Division, Birmingham District Registry on 26 March 2015 and we were duly appointed

Will Wright and Richard Philpott were also concurrently appointed as Joint Administrators of IASL and PHIG, the other non-trading companies within the Group

4 Strategy and progress of the administration to date

4.1 Strategy to date

Initial Strategy

Prior to our appointment, a number of courses of potential actions (in addition to a pre-packaged sale), were considered by the proposed Joint Administrators, including, but not limited to

- Staying out of an insolvency process and receiving further funding,
- Solvent Sale,
- Liquidation, and
- A sales process following the administration

We considered the possibility of continuing the sales process following an administration appointment, however, quickly concluded that this was not possible for the following reasons

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- There was a significant funding requirement in IAL, which could not be met and risked the insolvency of IAL, which would erode any value placed on the shares, and
- Adverse PR as a result of the administration of the Holding Companies would have had a detrimental impact on the value of the shares in IAL

After due consideration, we concluded that the pre-packaged sale, immediately following our appointment would produce the best anticipated return to creditors As such, the pre-administration costs, as outlined in the section above, were necessarily incurred in order to complete the transaction immediately following our appointment Further details of the transaction are detailed in the Sale of Business section below and the SIP16 memorandum appended at Appendix 5

Sale of business

Immediately following our appointment, a sale of the IPR of the Holding Companies, along with the shares in IAL (held by PHIG) was completed

The wider sale generated realisations totalling £165,000, which has been apportioned between IASL, the Company and PHIG in the sums of £35,000, £15,000 and £115,000 respectively, in accordance with the offer from the Purchaser

The Purchaser also paid £3,560 in relation to the intercompany debt owed by IAL to PHIG

We set out below a summary of the consideration received below and the apportionment between the Holding Companies

Pre-packaged sale of business consideration				
	IASL (£)	PHIH (£)	PHIG (£)	**Total (£)**
Shares in subsidiary	0 00	0 00	100,000 00	**100,000 00**
Intellectual Property Rights	35,000 00	15,000 00	15,000 00	**65,000 00**
Intercompany Debt from IAL	0 00	0 00	3,560 00	**3,560 00**
Total	**35,000 00**	**15,000 00**	**118,560 00**	**168,560 00**

4.2 Asset realisations

Realisations from the date of our appointment to 19 April 2015 are set out in the attached receipts and payments account (Appendix 2)

Summaries of the most significant realisations to date are provided below

Intellectual Property Rights

As previous detailed, as part of the wider transaction, consideration totalling £15,000 was apportioned to the sale of unregistered IPR in the Company

Shares in subsidiary

The Company owns 100% of the share capital of PHIG, however these shares are deemed be of nil value due to the administration of PHIG

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors

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In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to James Portwood at KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH United Kingdom

4.3 Costs

No payments were made in the period from the date of our appointment to 19 April 2015, however creditors should note that some costs have been incurred in this period

The most significant costs incurred in this period are DLA's post-appointment fees, which are in relation for DLA dealing with a number of post-transaction matters, reviewing the validity of appointment, and reviewing the validity of security held by the registered charge-holders DLA were chosen because of their involvement pre-administration, which allowed them to complete the transaction efficiently

5 Dividend prospects

5.1 Secured creditor

The Bank has a fixed and floating debenture over the Company's assets, dated 30 August 2012 As at the date of appointment, the Bank had an indebtedness totalling £1 05 million plus interest and costs in relation to a term loan provided to IASL, which the Group, including the Company, had cross-guaranteed In addition to the cross guarantees provided by the Group, Livingbridge, the entity who acts as fund manager for six funds that in total accounts for 49 77% of the equity in IASL, provided a guarantee of 50% of the term loan Livingbridge's guarantee would only be called in the event that the Group could not repay the Bank's indebtedness

Shortly following our appointment, the Purchaser made a significant payment totalling £1,057,340 towards the outstanding debt due to the Bank, resulting in there only being a nominal amount totalling £406 outstanding The Purchaser also paid the Bank's legal costs of £21,000 directly to Dentons UKMEA LLP

Furthermore, LBCF had a fixed and floating debenture over the Company's assets dated 4 September 2012 in relation to a CID facility in the name of IAL The Holding Companies cross guaranteed any amounts outstanding under this facility, however as at the date of appointment, LBCF had no indebtedness and are therefore not a secured creditor

We have duly instructed DLA to review the Bank's charge above and confirm its validity, along with the validity of our appointment

5.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially

We are not aware of any preferential claims against the Company as it had no known employees

5.3 Unsecured creditors

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors

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6 Ending the administration

6.1 Exit route from administration

We consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course

However, at this stage we anticipate that the most likely exit route will be for the Company to be placed into dissolution The Company will then be dissolved three months after a notice of dissolution is registered at Companies House

6.2 Discharge from liability

We propose to seek approval from the Secured Creditor that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us

Should the circumstances of the administration change, we reserve the right to revert to the preferential creditors and/or the unsecured creditors in order to obtain discharge from liability

7 Approval of proposals

7.1 Creditors' meeting

It is not necessary to hold a meeting of creditors because it appears that the Company has insufficient property to enable us to make a distribution to unsecured creditors

7.2 Creditors' right to request an initial creditors' meeting

We will summon such a meeting (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed

Requests for an initial creditors' meeting must be made within eight business days of the date on which our proposals were issued They must include

- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration,
- written confirmation of their concurrence from each concurring creditor, and
- a statement of the purpose of the proposed meeting,

In addition, 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

If you wish to request a creditors' meeting, please contact James Portwood on 0115 935 3429 to obtain the requisite forms

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7.3 Deemed approval of proposals

On expiry of eight business days from the date our proposals were issued, without any request for an initial creditors' meeting, it will be deemed that our proposals have been approved by creditors

8 Joint Administrators' remuneration, disbursements and pre-administration costs

8.1 Approval of the basis of remuneration and disbursements

We propose to seek approval from the Secured Creditor that

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3,
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval It is not part of our proposals

Should the circumstances of the administration change, we reserve the right to revert to the preferential and/or the unsecured creditors in order to seek approval for the basis of remuneration and the drawing of Category 2 disbursements

Time costs

From the date of our appointment to 19 April 2015, we have incurred time costs of £14,389 These represent 47 hours at an average rate of £306 15 per hour

Disbursements

We have not incurred any disbursements during the period

Additional information

We have attached (Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 19 April 2015 We have also attached our charging and disbursements recovery policy

Where a creditors' voluntary liquidation is the exit route for the administration and if we are appointed as Joint Liquidators, the basis of remuneration which is approved for the administration will continue to apply in the creditors' voluntary liquidation

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3 4

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Pre-administration costs	Paid (£)	Unpaid (£)	**Total (£)**
KPMG fees	0 00	10,174 50	**10,174 50**
DLA fees	0 00	3,500 00	**3,500 00**
Total	**0 00**	**13,674 50**	**13,674 50**

DLA's fees above related to the statutory filing requirements in relation to our appointment and providing advice on, and preparing all documentation necessary for, the sale of the Company's IPR

Our fees above related to conducting pre-administration checks, advice provided to the Director's of the administration and our appointment, assisting with the sale of business process detailed in the SIP16 memorandum, liaising with the key stakeholders and assisting in the preparation of the appointment documentation

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above It is not part of our proposals

9 Summary of proposals

As a result of the significant, immediate cash requirement which the trading entity, IAL, was facing and given that no feasible source of funds were forthcoming, rescuing the Holding Companies (and thereby the Company) in accordance with Paragraph 3(1)(a) was not achievable

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b)

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals

We propose the following

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above,
- to investigate and, if appropriate, to pursue any claims the Company may have,
- to seek an extension to the administration period if we consider it necessary

Distributions

- to make distributions to the Secured Creditor where funds allow,
- to apply to the Court for the authority to make a distribution to unsecured creditors if funds become available

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors,

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- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate,
- place the Company into creditors' voluntary liquidation In these circumstances we propose that we, Will Wright and Richard Philpott, be appointed as Joint Liquidators of the Company without any further recourse to creditors If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved,
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Will Wright and Richard Philpott, as Joint Liquidators of the Company without further recourse to creditors Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together,
- **file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation The Company will be dissolved three months after the registering of the notice with the Registrar of Companies**

Alternatively, we may allow the administration to end automatically

Joint Administrators' remuneration and pre-administration costs

We propose that

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3,
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3,
- unpaid pre-administration costs be an expense of the administration

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies

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Appendix 1 Statutory information

Company information	
Company and Trading name	PH Impetus Holdings Limited
Date of incorporation	24 August 2009
Company registration number	06998302
Trading address	Impetus Automotive, Tournament Court, Warwick, Warwickshire, CV34 6LG
Previous registered office	Impetus Automotive , Tournament Court , Warwick, Warwickshire, CV34 6LG, England
Present registered office	KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH
Company Directors	Andrew Guy Melville Stevens David Paul Gorvett David Harriman Andrew Mills
Company Secretary	No Company Secretary

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice, Chancery Division, Birmingham District Registry, 8114 of 2015
Appointor	Directors
Date of appointment	26 March 2015
Joint Administrators	Will Wright and Richard Philpott
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	25 March 2016
Prescribed Part	The Prescribed Part is applicable on this case It has been taken into account when determining the dividend prospects for unsecured creditors (Section 5)
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £NIL Estimated Prescribed Part is £NIL
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply This is because it is anticipated that the Prescribed Part will be automatically disapplied given that the estimated Net Property is less than £10,000 and the costs of making a distribution are anticipated to be disproportionate to the benefits However, if the circumstances of the administration change, the Joint Administrators may apply to Court for the authority to make a distribution to the unsecured creditors, or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits

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Administration information	
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations

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Appendix 2 Joint Administrators' receipts and payments account

PH Impetus Holdings Limited - in Administration
Joint Administrators' abstract of receipts & payments

Statement of affairs (£)		From 26/03/2015 To 19/04/2015 (£)	From 26/03/2015 To 19/04/2015 (£)
	FIXED CHARGE ASSETS		
	Intellectual Property	15,000 00	15,000 00
15,000 00	Intellectual Property Rights	NIL	NIL
		15,000 00	15,000 00
	UNSECURED CREDITORS		
(1 00)	Lloyds Bank plc	NIL	NIL
(1,738,055 00)	Intercompany creditos	NIL	NIL
(1 00)	HMRC (VAT)	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(3,154 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(1,726,211.00)		**15,000 00**	**15,000 00**
	REPRESENTED BY		
	Floating charge current		18,000 00
	Fixed charge VAT payable		(3,000 00)
		15,000 00	**15,000 00**

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Appendix 3 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at

http //www r3 org uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov 2011 pdf

If you are unable to access this guide and would like a copy, please contact James Portwood on 0115 935 3429

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates

Charge-out rates (£) for: Restructuring	
Grade	From 01 Oct 2014 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration In our next statutory report, we will inform creditors of any material amendments to these rates

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Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate For the avoidance of doubt, such expenses are defined within SIP 9 as follows

Category 1 disbursements These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Category 2 disbursements charged by KPMG Restructuring include mileage This is calculated as follows

Mileage claims fall into three categories

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate

We have not incurred any disbursements during the period 26 March 2015 to 19 April 2015

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company

Category 2 disbursements are to be approved in the same manner as our remuneration

Narrative of work carried out for the period 26 March 2015 to 19 April 2015

The key areas of work have been

Statutory and compliance	■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences, ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment, ■ issuing regular press releases and posting information on a dedicated web page, ■ preparing statutory receipts and payments accounts, ■ arranging bonding and complying with statutory requirements, ■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same, ■ briefing of our staff on the administration strategy and matters in relation to various work-streams, ■ regular case management and reviewing of progress, including regular team update meetings and calls, ■ meeting with management to review and update strategy and monitor progress, ■ reviewing and authorising junior staff correspondence and other work, ■ dealing with queries arising during the appointment, ■ reviewing matters affecting the outcome of the administration, ■ allocating and managing staff/case resourcing and budgeting exercises and reviews, ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters,

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	■ complying with internal filing and information recording practices, including documenting strategy decisions
Cashiering	■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	■ gathering initial information from the Company's records in relation to the taxation position of the Company, ■ submitting relevant initial notifications to HM Revenue and Customs, ■ reviewing the Company's pre-appointment corporation tax and VAT position, ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, ■ working initially on tax returns relating to the periods affected by the administration, ■ analysing VAT related transactions,
Shareholders	■ providing notification of our appointment, ■ providing copies of statutory reports to the shareholders
General	■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage
Asset realisations	■ collating information from the Company's records regarding the assets, ■ reviewing the inter-company debtor position between the Company and other group companies
Open cover insurance	■ arranging ongoing insurance cover for any unknown assets, ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place,
Creditors and claims	■ drafting and circulating our proposals, ■ creating and updating the list of unsecured creditors,
Investigations/ directors	■ reviewing Company and directorship searches and advising the directors of the effect of the administration, ■ liaising with management to produce the Statement of Affairs,

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Time costs

SIP 9 - Time costs analysis (12/03/2015 to 25/03/2015)							
	Hours						
	Partner / Director	Manager	Administrator	Support	**Total**	Time Cost (£)	Average Hourly Rate (£)
Pre-administration							
Asset Realisation							
Pre-Administration Sale of business - preparation	1 30	14 55			**15 85**	7,238 25	456 67
Statutory and compliance							
Advising directors	0 20	1 00			**1 20**	524 00	436 67
Appointment documents	1 10	1 50			**2 60**	1,310 00	503 85
Pre-administration checks	0 75	1 60			**2 35**	1,102 25	469 04
Total in period	**3 35**	**18 65**	**0 00**	**0 00**	**22 00**	**10,174 50**	**462 48**

SIP 9 - Time costs analysis (26/03/2015 to 19/04/2015)							
	Hours						
	Partner / Director	Manager	Administrator	Support	**Total**	Time Cost (£)	Average Hourly Rate (£)
Administration & planning							
Cashiering							
General (Cashiering)			0 70		**0.70**	143 50	205 00
General							
Books and records		0 10			**0 10**	40 50	405 00
Fees and WIP		0 60			**0 60**	243 00	405 00
Statutory and compliance							
Appointment and related formalities	2 10	12 40	3 30	13 10	**30 90**	8,699 00	281 52
Bonding and bordereau		0 10			**0 10**	40 50	405 00
Checklist & reviews		1 00			**1 00**	405 00	405 00
Strategy documents		1 20	1 00		**2 20**	766 00	348 18
Tax							
Post appointment VAT	0 60	1 30	0 60		**2 50**	1,109 50	443 80
Creditors							
Creditors and claims							
Notification of appointment		0 50			**0 50**	202 50	405 00
Pre-appointment VAT / PAYE / CT		0 20			**0 20**	81 00	405 00
Secured creditors		0 20	0 10		**0 30**	109 00	363 33
Statutory reports		1 10	4 90		**6 00**	1,817 50	302 92

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SIP 9 - Time costs analysis (26/03/2015 to 19/04/2015)							
	Hours						
	Partner / Director	Manager	Administrator	Support	**Total**	Time Cost (£)	Average Hourly Rate (£)
Employees							
Pensions reviews		0 40			**0 40**	162 00	405 00
Investigation							
Directors							
Correspondence with directors		0 30			**0 30**	121 50	405 00
Statement of affairs		0 70	0 30		**1 00**	367 50	367 50
Realisation of assets							
Asset Realisation							
Open cover insurance		0 20			**0 20**	81 00	405 00
Total in period	**2 70**	**20 30**	**10 90**	**13 10**	**47 00**	**14,389 00**	**306 15**

Brought forward time (appointment date to SIP 9 period start date)	0 00	0 00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	47 00	14,389 00
Carry forward time (appointment date to SIP 9 period end date)	47 00	14,389 00

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates

All time shown in the above analysis is charged in units of six minutes

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Appendix 4 Statement of Affairs, including creditor list

The Directors have provided the following Statement of Affairs for the Company as at the date of our appointment

We have not carried out anything in the nature of an audit on the information provided The figures do not take into account the costs of the administration

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Rule 2 29

Form 2 14B

Statement of affairs

Name of Company	Company number
PH Impetus Holdings Limited	06998302

In the	Court case number
High Court of Justice, Chancery Division, Birmingham District Registry [full name of court]	8114 of 2015

Statement as to the affairs of PH Impetus Holdings Limited (the 'Company'), KPMG LLP One Snowhill Snow Hill Queensway Birmingham

On the 26 March 2015, 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 26 March 2015 the date that the Company entered administration.

Full name ANDREW GUY MELVILLE STEVENS

Signed

Dated 13 APRIL 2015

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A – Summary of Assets

PH Impetus Holdings Limited

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Shares in PH Impetus Group Limited	3,115,775	0
Intellectual Property Rights	0	15,000
Less due to Lloyds Bank plc - see note	0	0
Surplus/(deficiency) as regards fixed charge holders	**3,115,775**	**15,000**
Assets subject to floating charge:		
Uncharged assets:		
Estimated total assets available for preferential creditors	**3,115,775**	**15,000**

Note:
The Company was subject to a cross guarantee in respect of a term loan due to Lloyds Bank plc from its ultimate parent company IAS Realisations Limited which had a principal outstanding of £1,050,000 plus accrued interest of £7615 69 This amount has been settled by Impetus Automotive Limited

Signature ____ Date 13 04 15

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A1 – Summary of Liabilities

PH Impetus Holdings Limited

	£	Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)		15,000
Liabilities		
Preferential Creditors -		
	0	
Estimated deficiency/surplus as regards preferential creditors		15,000
Estimated prescribed part of net property where applicable (to carry forward)		(6,000)
Estimated total assets available for floating charge holders		9,000
Debts secured by floating charges -		0
Estimated (deficiency)/surplus of assets after floating charges		9,000
Estimated prescribed part of net property where applicable (brought down)		6,000
Total assets available to unsecured creditors		15,000
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
HMRC (VAT) - see note	1	
Intercompany creditors	1,738,055	
Lloyds Bank Plc	1	
	1,738,057	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(1,723,057)
Shortfall to floating charge holders (brought down)		0
Estimated deficiency/surplus as regards creditors		(1,723,057)
Issued and called up capital		
Ordinary shares		3,154
Estimated total (deficiency)/surplus as regards members		(1,726,211)

Signature AY Date 13 04 15

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FW Impetus Holdings Limited

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 £
Impetus Automotive Limited	Tournament Court, Edgehill Drive, Warwick CV34 6LG	508 046 95			
Impetus Automotive Solutions Limited	Tournament Court, Edgehill Drive, Warwick CV34 6LG	1,230,007			
HM Revenue & Customs		1	Contingent claim for VAT group arrears		
Lloyds Bank plc	25 Gresham Street, London, EC2V 7HN	1	Cross Guarantee on Bank debt held by IAS Realisations Limited. Lloyds hold a fixed and floating charge over all assets.	26/08/2012	
Impetus Automotive Limited	Tournament Court, Edgehill Drive, Warwick CV34 6LG	1	Contingent claim to be determined for share of cross guarantee on Bank debt which is to be settled by Impetus Automotive Limited on behalf of the		
		1 738,057			

Signature [signature] Date 13/4/15

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PB Impetus Holdings Limited

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Normal Value	Details of Shares held
IAS Realisations Limited (Formerly Impetus Automotive Solutions Limited)	Tournament Court, Edgehill Drive, Warwick CV34 6LG	2,364	2,364	£1 Ordinary shares
IAS Realisations Limited (Formerly Impetus Automotive Solutions Limited)	Tournament Court, Edgehill Drive, Warwick CV34 6LG	790	790	£1 Ordinary A shares
		3,154	3,154	

Signature ____________

Date 13 APRIL 2015

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Appendix 5 SIP 16 memorandum

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Impetus Automotive Solutions Limited – In Administration

PH Impetus Holdings Limited – In Administration

PH Impetus Group Limited – In Administration

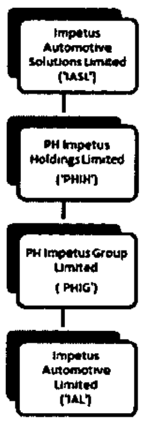
SIP 16 memorandum of sale of business

This statement is made to in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice ("SIP") 16, the latest version of which is effective from 1 November 2013 Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator who effects the sale immediately on or shortly after, his appointment SIP 16 can be located via this link to the R3 website - http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP_16_-_Version_2_(effective_from_1_November_2013).pdf

Background

The group comprises Impetus Automotive Solutions Limited and its subsidiaries (together the 'Group') and a group structure is detailed below



The only trading entity in the Group is IAL

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The Group provides consultancy services to the automotive industry working with vehicle manufacturers to assist them and dealer networks increase sales of parts and accessories with a turnover of approximately £14 million The Group employs approximately 200 staff who are predominantly based in the UK

In 2014 IAL lost two major customer contracts which led to a reduction in sales and profitability Revised forecasts highlighted a significant funding requirement, in excess of current banking facilities, which the shareholders of the Group indicated they were unlikely to fund

The Group was funded by

- a term loan, which stood at £1 05 million on appointment between Lloyds Bank PLC ('the Bank') and IASL, and
- an invoice discounting facility provided by Lloyds Bank Commercial Finance Limited ('LBCF') to IAL (together the 'Secured Creditors')

Both the Bank and LBCF also had cross guarantees across the Group Livingbridge EP LLP, which acts as fund manager for six funds that in total account for 49 77% of the equity in IASL also provided a guarantee of 50% of the term loan

In addition IASL had issued unsecured loan notes totalling £8 6 million

Initial introduction

KPMG was introduced to the Group on 22 December 2014 following a referral from its largest shareholder Livingbridge EP LLP

Livingbridge EP LLP is a former audit client of KPMG but that relationship ceased on 5 February 2014 On resigning our position as auditor of Livingbridge EP LLP we confirmed that there were no circumstances that needed to be brought to the attention of members or creditors of Livingbridge EP LLP

KPMG has never been the auditors to any part of the Group

Our initial engagement was directly with IASL with our responsibilities and duty of care to the Group In the administration of IASL PHIH and PHIG we act for the general body of creditors

Pre-appointment considerations

KPMG was initially engaged on 9 January 2015 by IASL, on behalf of the Group, to explore the options available for the Group including the investment and sale options available As part of this work, KPMG also provided stakeholder liaison cash monitoring and contingency planning assistance to the Group KPMG has been paid £100,002 in relation to this engagement Pre-administration costs and Administrators' fees will be approved in accordance with Statement of Insolvency Practice 9

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The Bank and LBCF, as major funders and creditors of the Group, were regularly consulted with throughout the options process and agreed the sale of IAL on appointment was the best option to maximise value

The directors of the Group were advised to take independent legal advice on their personal positions

Other courses of action considered

A review of possible courses of action was undertaken by the Joint Administrators prior to their appointment comparing the likely outcomes from various options including but not limited to

1) **The Group staying out of an insolvency process, receiving further funding from the Bank, shareholders, directors or a third party source (without change of control)**

The Group was forecasting significant cash outflows for the next 12 months and would therefore require additional funding which the Bank and shareholders were unwilling to advance

Similarly it was not possible to source funding from the directors or other third parties at the level required to enable the directors to continue to trade IAL

2) **Liquidation**

Due to the cash constraints of the Group, there would be insufficient time available to place IASL, PHIH and PHIG (together the "Holding Companies") into liquidation and then transact to sell IAL following liquidation

Accordingly, liquidation would likely have resulted in a worse outcome to creditors of the Group compared to an administration The sale of the shares in IAL has enabled a solvent solution for IAL to be achieved and maximised value in the Holding Companies' asset

3) **Administration – trading on**

The Holding Companies are non-trading and therefore a trading administration of these companies was not considered Marketing the shares in IAL following administration appointments of the Holding Companies was not viable due to the funding shortfall in IAL, increasing the risk of IAL's insolvency and eroding any value placed on the shares of IAL

Similarly adverse PR as a result of the administration of the Holding Companies would have had a detrimental impact on the value of the shares in IAL

Given the extensive marketing process the Administrators were of the view that a sale following an administration marketing period would not result in a higher return to creditors

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4) Administration pre-pack

A pre-packaged sale of shares in IAL in all of the circumstances will maximise the returns for creditors of the Holding Companies This conclusion was reached following consideration of the options available detailed above and for the following reasons

- The impact of insolvency on the Holding Companies would have resulted in erosion in value primarily due to the potential insolvency risk to IAL PHIG's only asset It was therefore considered better to realise the value in the IAL shares immediately IASL and PHIH were also party to the transaction as the purchaser of IAL required the benefit of the tax losses generated in these entities

- After a 10 week marketing period to a significant number of parties, the best offer for the Group was a sale of IAL to the buyer There was insufficient time, due to the Group's cash constraints, to explore any further interest in the Group and its subsidiaries

- The proposed sale would also result in all employees of IASL transferring to IAL, minimising both preferential and unsecured claims

Marketing of the business and assets

The Group acting by its directors conducted a thorough sales process prior to the appointment of the Joint Administrators

This process commenced on 12 January 2015 and was designed to work within the Group's short term cash flow forecast as set out by management This identified an additional working capital requirement by week commencing 23 March 2015

Interested parties were identified through extensive buyer research, sector knowledge KPMG LLP contact and management's awareness of competitors In total 112 financial investors and two trade parties were contacted Due to the sensitivities of approaching trade parties, in particular the impact of market rumours on IAL staff the directors limited discussions with possible trade buyers The trade parties contacted were carefully selected considering their potential strategic fit and ability to deliver a transaction in the limited time available

Non-Disclosure Agreements were signed by 13 parties who were provided with access to a data room containing relevant financial and other information on the Group Management held meetings with eight parties and follow up meetings with six parties

Five solvent offers were received for the Group However these were undeliverable for the following reasons

- **Offer A** This offer provided a solvent solution for the Group, which required loan note holders to convert their debt to equity and meet the forecast funding requirements as set out by management However this offer was withdrawn as the principals were unable to agree

- **Offer B** This offer represented a lower realisation to creditors when compared to the other offers available

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- **Offer C** Due to the diligence required by the offeror to execute this transaction, this offer was deemed undeliverable in the time available

- **Offer D** Due to the cost of ongoing funding being higher than other offers this offer was rejected by the board It also did not present a better realisation to creditors than the other offers received

- **Offer E** This offer required four weeks to complete and the value to shareholders/loan note holders was expected to be minimal Ultimately this offer was not progressed as the board considered that it could not be delivered in the time available

It became clear following legal advice that whilst Offer A was optimal loan note holder consent was required for this offer and would also likely be required for all of the other offers received to proceed The Group's board of directors engaged with the key loan note holder from 5 March 2015 but as a result of the parties failing to agree Offer A was withdrawn on 14 March 2015

Offeror A resubmitted their bid on similar terms but on a pre-packaged basis on 14 March 2015 Their revised proposal involved the pre-packaged sale of the shares held by PHIG in IAL and a surrender of the tax losses held within the Holding Companies However their proposal involved IAL remaining solvent with a significant cash injection

It was not considered possible for any of the other interested parties to complete their due diligence and submit revised bids on a pre-packaged basis ahead of IAL facing a cash crisis

Valuation of the business and assets

Given the time restriction driven by the inability to meet salary and wage payments in IAL due on 26 March 2015 no formal valuation of the shares has been obtained As stated previously, no further funding from the Bank, LBCF or shareholders in the Group was available There is no registered intellectual property on the balance sheets of the Holding Companies However the buyer requires clean title to the Group's unregistered intellectual property rights for the benefit of IAL No formal valuation has been undertaken

The Joint Administrators have satisfied themselves that they are achieving maximum value for the Group's assets through the robust sales process that has been carried out over two months prior to appointment

In the circumstances the Joint Administrators considered that a pre-packaged sale of the shares in IAL is the best option for all Group creditors as it avoids the insolvency of IAL, which given the current position would be the likely only alternative option

The insolvency of IAL would result in a detrimental impact for all stakeholders

The transaction

The transaction to sell the shares in IAL and surrender tax losses in the Holding Companies to Volvere Asset Management Limited ('the Purchaser) completed on 26 March 2015

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The Purchaser paid the sale consideration on completion

Purchaser and related parties

The Purchaser is Volvere Asset Management Limited company number 06709336 which is a subsidiary of Volvere Plc company number 04478674

There is no connection between the Purchaser and the Group (or its subsidiaries)

There is also no connection between the Purchaser and the directors shareholders or Secured Creditors of the Group

Whilst the directors are not involved in the management or ownership of the Purchaser we understand that the directors of IAL will receive an incentive scheme/equity share in the acquiring business post transaction

LBCF will continue to provide working capital facilities to IAL, which will continue to trade and is unaffected by the insolvency of the Holding Companies

Assets

The assets on the balance sheets of the Holding Companies are summarised below

PHIG, the immediate holding company of IAL, has two assets

1) Its investment in IAL, which was held at its cost of £9 545 in the balance sheet, and

2) An intercompany debt of £3,560 owed by IAL

PHIH's only asset is its investment in PHIG

IASL only assets are

1) Its investment in PHIH,

2) An intercompany debt of £1 2 million owed by PHIH,

3) Cash at bank, and

4) A rent deposit of £81 648 on the leasehold property occupied by the Group

The offer from the Purchaser is for the shares in IAL, any intellectual property rights held by the Holding Companies, and the tax losses within the Holding Companies that are eligible for surrender by way of group relief to IAL The rent deposit is not realisable as the lease is in the name of IAL and an intercompany debt of £3 million is owed from IASL to IAL

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Sale consideration

The total consideration for the assets of the Holding Companies is £165 000 broken down as follows

- The sale consideration for PHIG's shares in IAL is £100,000
- The sale consideration for intellectual property rights in PHIG is £15 000
- The sale consideration for intellectual property rights in PHIH is £15 000
- The sale consideration for intellectual property rights in IASL is £35,000

The Purchaser also paid £3 560 in relation to the intercompany debt owed by IAL to PHIG

In addition the Purchaser settled the term loan plus interest and costs due to the Bank, which is cross guaranteed by the Group This represents a better outcome for the Holding Companies than would be available if a solvent sale of IAL could not be achieved

As set out above IAL was in urgent need of investment to fund working capital which was not available from the Holding Companies its investors or lenders and so IAL would have become insolvent before the end of March 2015

Therefore it was determined by the proposed Administrators that if a pre-packaged sale was not concluded immediately after the appointment of the Joint Administrators PHIG's shares in IAL would have had no value

The pre-packaged sale to the Purchaser will ensure continuation of trade as a going concern of IAL, preserving approximately 200 jobs and a solvent outcome for the benefit of customers and suppliers It will also enable full repayment of the Bank's indebtedness

Based upon the estimated realisable values of PHIG's assets on an insolvency of IAL as discussed above and in the section "Valuation of the Business and Assets", it is estimated that under the sales contract concluded, the total funds available to creditors of PHIG is higher than those that would have been achieved via winding up or on an insolvency of IAL The key differences are summarised below

Estimated funds available for creditors of PHIG as compared to insolvency of IAL or winding up of PHIG	**Pre-pack**	**Liquidation**
	£	£
Shares in IAL	100 000	Nil
Intercompany debt due from IAL	3 560	Nil
Intellectual property rights	15 000	Nil
Total funds available for creditors (including charge holder)	**118,560**	**Nil**

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Estimated funds available for creditors of PHIH as compared to winding up of PHIH	Pre-pack	Liquidation
	£	£
Intellectual property rights	15 000	Nil
Total funds available for creditors (including charge holder)	**15,000**	**Nil**

Estimated funds available for creditors of IASL as compared to winding up of IASL	Pre-pack	Liquidation
	£	£
Intellectual property rights	35 000	Nil
Total funds available for creditors (including charge holder)	**35,000**	**Nil**

Realisations from the shareholdings will be fixed charge in nature and will be payable after deduction of the costs and expenses of Administration to the Secured Creditor under its security

Any realisation from the intercompany debt will be floating charge in nature It is not considered likely that there will be any floating charge realisations available after deduction of the costs and expenses of Administration More detail on this will be provided in the Administrators Proposals which will be received within four weeks of the date of Administration

Conclusion

The Joint Administrators have placed the Holding Companies into administration with the objective of, in accordance with Schedule B1 paragraph 3(1)(b) of the Insolvency Act 1986, achieving a better result for the Holding Companies' creditors as a whole than would be likely if the company were wound up (without first being in administration)

They are satisfied that this pre-packaged sale has enabled them to achieve this purpose The administration of each holding company achieves a better outcome than liquidation as

- there was insufficient time to place the companies into liquidation and continue to market their assets,
- a liquidation of the Holding Companies would have eroded the value of the shares in IAL and risked it being placed into insolvency which in turn would have resulted in
    - no value being available to IAL from the Group's tax losses and
    - no value being placed on any intellectual property rights in the Holding Companies

An administration route was deemed to be a more expedient option that would maximise realisations from the sale of the shares in IAL and minimise the risk of IAL entering into insolvency The sale agreement that included the Holding Companies also enabled the Joint Administrators to obtain greater consideration for the assets when compared to just PHIG entering into the sale agreement as the Purchaser paid value for the intellectual property rights in the Group

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Appendix 6 Glossary

Bank	Lloyds Bank Plc (formerly Lloyds TSB Bank Plc)
CID	Confidential Invoice Discounting
Company/PHIH	PH Impetus Holdings Limited - in Administration
DLA	DLA Piper UK LLP
Group/Group Companies	The Holding Companies together with, Impetus Automotive Limited
Holding Companies	The Company together with, PH Impetus Group Limited – in Administration IAS Realisations Limited – in Administration (formerly Impetus Automotive Solutions Limited) Impetus Automotive Solutions Limited – in Administration
IAL/Trading Entity	Impetus Automotive Limited
IASL	IAS Realisations Limited (formerly Impetus Automotive Solutions Limited) – in Administration
IPR	Intellectual Property Rights
Joint Administrators/we/our/us	Will Wright and Richard Philpott
KPMG	KPMG LLP
LBCF	Lloyds Bank Commercial Finance Limited (formerly Lloyds TSB Commercial Finance Limited)
Livingbridge	Livingbridge EP LLP
PHIG	PH Impetus Group Limited – in Administration
PR	Public Relations
Purchaser/Volvere	Volvere Asset Management Limited
Secured Creditor	Lloyds Bank Plc

Any references in these proposals to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively

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Appendix 7 Notice. About this statement of proposals

This statement of proposals ('proposals') has been prepared by Will Wright and Richard Philpott, the Joint Administrators of PH Impetus Holdings Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals

William James Wright is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales

Richard James Philpott is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association

The Joint Administrators act as agents for the Company and contract without personal liability The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration

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