

AM10

Notice of administrator's progress report



Companies House



1 Company details

Company number 0 7 4 7 5 5 9 6
Company name in full Dearman Engine Company Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Geoffrey Wayne
Surname Bouchier

3 Administrator's address

Building name/number The Shard
Street 32 London Bridge Street
Post town London
County/Region
Postcode S E 1 9 S G
Country United Kingdom

4 Administrator's name ^①

Full forename(s) Benjamin John
Surname Wiles

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ^②

Building name/number The Shard
Street 32 London Bridge Street
Post town London
County/Region
Postcode S E 1 9 S G
Country United Kingdom

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d 0 d 6	m 1 m 2	y 2 y 0 y 1 y 9	
To date	d 0 d 5	m 0 m 6	y 2 y 0 y 2 y 0	

7 Progress report

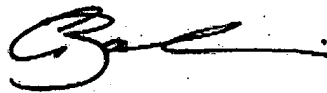
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d 0

d 1

m 0

m 7

y 2

y 0

y 2

y 0

AM10

Notice of administrator's progress report



Presenter information

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

Contact name Sophie Thomas

Company name Duff & Phelps Ltd.

Address The Shard

32 London Bridge Street

Post town London

County/Region

Postcode S E 1 9 S G

Country United Kingdom

DX

Telephone 020 7089 4700



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



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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

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DUFF & PHELPS

Progress Report to Creditors

1 July 2020

**Dearman Engine Company Limited
(In Administration)**

*Joint Administrators' Progress Report for the period from 6 December 2019
to 5 June 2020*

Duff & Phelps Ltd.
The Shard
32 London Bridge Street
London
SE1 9SG

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1. Introduction

The Joint Administrators were appointed on 6 December 2019 by the Directors of the Company.

This progress report provides an update on the Administration of the Company.

The Joint Administrators have also explained their future strategy for the Administration and how likely it is that they will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs the Joint Administrators have incurred.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 8.

Please also note that an important legal notice about this progress report to creditors is attached at Appendix 9.

2. Creditor summary

Summary of Proposals

- The Joint Administrators' Proposals for achieving the purpose of the Administration, namely 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), were approved by creditors by deemed consent on 12 February 2020 without modifications.
- There have been no major amendments to or deviations from these Proposals.

Progress to date

- As detailed in the Proposals Report, the Joint Administrators completed a sale of the Company's business and assets to the Purchaser on 7 January 2020.
- The Joint Administrators have recovered book debts totaling £123k during the Reporting Period, principally in relation to grant monies due to the Company. No further realisations are anticipated aside from possibly a small insurance refund.
- The Joint Administrators have submitted their statutory report on the directors to the DBEIS. Further details in relation to investigations can be found at section 3.2.3 of this report.

Outcome for Creditors

Secured Creditors

- As detailed in the Proposals Report, a distribution of £2.41m has been made pursuant to CTC's fixed charge security.
- A fixed charge distribution of £5.1m has been made in respect of the liabilities owing pursuant to the Monarch / PV Cleantech security.
- Based on outstanding Administration costs and expenses as noted within this report and asset realisations, it is anticipated there will be insufficient funds to enable further distributions to the Secured Creditors.

Preferential Creditors

- On the basis of current information, it is anticipated there will be insufficient funds to enable a dividend to be paid to preferential creditors.

Non-preferential Unsecured Creditors / Prescribed Part

- On the basis of current information, it is anticipated that there will be insufficient funds to enable a distribution to the unsecured creditors of the Company, to include via the Prescribed Part.

Please note, this progress report provides creditors with an account of the progress of the Administration of the Company in the period. The Joint Administrators' Statement of Proposals issued to the Company's creditors are available to view on the Portal and paper copies can be provided free of charge by writing to Charlotte Tasker at Charlotte.Tasker@duffandpHELPS.com. Unless otherwise stated, all amounts in this progress report and appendices are stated net of VAT.

3. Progress of the Administration

This section provides an update on the Joint Administrators' strategy for the Administration and progress to date.

3.1 Strategy and progress to date

3.1.1 Sale of business

On 7 January 2020, the Joint Administrators completed a sale of the Company's business and assets to the Purchaser for a total consideration of £8.125m, which was satisfied by:

- A reduction of £2.41m secured debt owing pursuant to the CTC loan facility;
- A reduction of £5.1m secured debt owing pursuant to the Monarch / PV Cleantech loan facilities; and
- £615k in cash.

A breakdown of the sale consideration and further details in relation to the marketing and sale process are available in the Proposals Report.

It has been necessary for the Joint Administrators to deal with various post-completion matters during the Reporting Period in relation to the sale, such as liaising with the Purchaser in respect of licenses to occupy the Premises, and the potential assignment of the leases, as well as liaising with suppliers in relation to the transfer of certain services to the Purchaser.

3.1.2 Trading period

The Joint Administrators took the decision to trade the business following their appointment as it was concluded that a sale of the Company's business and assets as a going concern would enable the Company's staff to retain their employment and likely achieve a higher value for the business and assets, being primarily the intellectual property and staff knowledge and know how, than would be possible in the event that the Company were first wound up.

Given the business was essentially pre-revenue and had no available funds at bank, funding would be required. Monarch / PV Cleantech provided the Administration Loan Facility to the Company and immediately advanced of £300k to the Company upon the appointment of the Joint Administrators to meet strictly necessary business critical expenses. This loan was repaid following completion of the sale of the Company's business and assets.

The costs incurred during the trading period are expected to total approximately £433k, principally made up of wages and salaries, rent and utilities and business critical suppliers. No sales were made during the Administration trading period.

Details of costs incurred are provided in the trading receipts and payments account at Appendix 3.

The Joint Administrators are continuing to follow up with suppliers to obtain invoices for the trading period in order to settle final costs.

3.2 Asset realisations

Realisations during the Reporting Period are set out in the attached receipts and payments account at Appendix 3.

Summaries of the realisations following the issue of the Proposals Report are provided below:

3.2.1 Book Debts

As previously reported, the Company received £120,562 which was in relation to grant funding due to the Company for work completed prior to the Administration. The Joint Administrators review into the terms of the grant funding and the status of these monies is now complete and concluded that these monies are an asset of the Company. The outstanding retention balance of £52,683 is uncollectable due to the insolvency of the Company.

In addition, a sundry amount of £2,687 has also been realised.

It is possible that there may be a small refund due to the Company following the cancellation of the Company's insurance policy, however aside from this there will be no further realisations in relation to book debts.

3.2.3 Investigations

The Joint Administrators have a statutory obligation to file a report with DBEIS concerning the conduct of all directors of the Company that served in the three years prior to the Joint Administrators appointment.

The Joint Administrators have filed their confidential report with DBEIS regarding the conduct of the Directors of the Company. The content of this report is confidential.

The Joint Administrators have liaised with the DBEIS during the Reporting Period and provided the information requested. In addition, correspondence received from several creditors has been submitted as requested. The Joint Administrators will continue to liaise with the DBEIS as requested.

Investigations into the Company's affairs remain ongoing including those matters referenced in the Proposals Report. An update will be provided at such time as the Joint Administrators are in a position to do so.

If any Creditor or shareholder of the Company has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please do so by writing by email to charlotte.tasker@duffandphelps.com or by post to Duff & Phelps Ltd. The Shard, 32 London Bridge Street, London, SE1 9SG.

3.3 Costs

Payments made in the Reporting Period are set out in the attached receipts and payments account at Appendix 3.

A separate receipts and payments account has been prepared for the Administration trading period. The Joint Administrators are continuing to chase some suppliers who have not yet provided their invoices for the trading period and therefore the costs incurred in the trading period are expected to increase.

4. Outcome for Creditors

4.1 Secured Creditors

CTC

In consideration for the monies advanced under their funding agreement, the Company granted CTC a debenture, which confers fixed and floating charges over all the assets of the Company created on 11 August 2015 and registered on 20 August 2015.

Shortly prior to the Appointment Date, the sum owed pursuant to the loan was approximately £2.41m, subject to accruing interest and charges. Prior to conclusion of the Administration sale, CTC entered a transaction to assign its debt and security to the Purchaser.

Following the sale, a fixed charge distribution of £2.41m has been made pursuant to CTC's fixed charge security.

Monarch / PV Cleantech

As stated in the Proposals Report, in consideration for the monies advanced under their funding agreement, the Company granted Monarch / PV Cleantech a debenture, which confers fixed and floating charges over all of the assets of the Company created on 28 April 2017 and registered on 8 May 2017.

Monarch / PV Cleantech were owed approximately £10.6m as at the Appointment Date, subject to accruing interest and charges. £5.1m of secured debt was assigned to the Purchaser.

As part of the sale, a distribution of £5.1m has been made pursuant to the Monarch / PV Cleantech fixed charge security.

Based on outstanding Administration costs and expenses as noted within this report and asset realisations, it is anticipated there will be insufficient funds to enable further floating charge distribution to Monarch/PV Cleantech.

4.2 Preferential Creditors

As stated in the Proposals Report, following the sale of the business and assets of the Company to the Purchaser, the Company's employees at the Appointment Date were transferred pursuant to TUPE to the Purchaser.

As a result, the only preferential claims expected relate to unpaid pension contributions in respect of employees who did not transfer (either due to resigning prior to the sale or electing not to transfer to the Purchaser). The Joint Administrators submitted an RP15 claim to the RPS in relation to these pension arrears and it is expected that the RPS will submit a claim in the Administration, of which c£2.9k will be preferential.

Based on outstanding Administration costs and expenses as noted within this report and asset realisations, it is anticipated there will be insufficient funds to enable a dividend to be paid to preferential creditors.

4.3 Unsecured Creditors

According to the SOA, non-preferential unsecured creditors total £1.832m as at the Appointment Date.

Claims received to date from non-preferential unsecured creditors total £1.4m.

Based on current information, it is anticipated that there will be insufficient realisations to enable a distribution to the unsecured creditors of the Company.

4.4 Prescribed Part

The Company granted floating charges to the Secured Creditors and therefore, the provisions of the Prescribed Part will apply. However, based on outstanding Administration costs and expenses as noted within this report and asset realisations, it is anticipated there will be insufficient funds to enable a Prescribed Part dividend to be paid.

5. Other matters

5.1 Creditors' Committee

A Creditors' Committee will not be established unless requested by the creditors and sufficient creditors are willing to act as members of the committee. To date the Joint Administrators have not received any request for a Creditors' Committee to be established.

Please refer to the Proposals Report for further details on establishing a Creditors' Committee.

5.2 Joint Administrators' Receipts and Payments account

A detailed receipts and payments account for the Reporting Period is shown in Appendix 3.

5.3 Creditors' rights

Further information regarding the remuneration and disbursements of the Joint Administrators, including creditors' rights to challenge such costs is provided at Appendix 7, Statement of creditors' rights.

6. Joint Administrators' fees and expenses and pre-Administration costs

6.1 Fees and expenses

6.1.1 Time costs

Upon a review of our hourly rates, inflation and industry averages, Duff & Phelps' hourly charge out rates have been revised to reflect market rates. Rate changes apply to all appointments held by employees of Duff & Phelps with effect from 1 February 2020.

Time has been charged in six minute units. Details of the time charged for the Reporting Period are attached at Appendix 5.

Time costs incurred in the Reporting Period total £252,250 which represents 627 hours at an average hourly rate of £402.

These time costs have exceeded the fee estimate provided in the Proposals Report by a total of £8,938. The Joint Administrators have provided further narrative detail of the time costs incurred at Appendix 6.

6.1.2 Fees

The Joint Administrators have not yet drawn any remuneration to date.

As advised in the Joint Administrators Proposals Report, approval will be sought from the Company's Secured Creditors and, if appropriate, the Preferential Creditors on a time cost basis. The Joint Administrators have written to the Secured Creditors requesting they approve the Joint Administrators' remuneration on a time cost basis.

The Joint Administrators do not anticipate that their remuneration will exceed the fee estimate of £243k and are therefore not proposing to revise the fee estimate.

6.1.3 Expenses

Details of the expenses charged during the Reporting Period are attached at Appendix 4.

Expenses incurred in the Reporting Period total £112,913 of which £19,961 has been paid in the Reporting Period.

It is noted that the expenses estimate provided in the Proposals Report did not include the costs of Frans Brouns, which were incurred to secure the Company's electronic records and obtain a back up of these. In addition, the expenses estimate did not include the costs incurred of AUA Insolvency Risk Services in relation to insurance of the Company's assets, which is a statutory requirement.

In respect of the other expenses incurred to date, these are generally in line with the expenses estimate, with the exception of the costs of the Valuation Agent and LB Group, which were slightly higher than originally estimated.

6.1.3 Disbursements

In the Reporting Period, the Joint Administrators have incurred Category 1 Disbursements of £757. None of these have been paid to date.

No Category 2 Disbursements have been incurred.

The Joint Administrators' disbursements are detailed at Appendix 5.

6.1.4 Additional information

Details of how to obtain further information relating to the fees and disbursements of the Joint Administrators is set out in Appendix 7.

6.2 Pre-Administration costs

Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators or their firm, or another person qualified to act as an insolvency practitioner, before the Company entered Administration but with a view to it doing so.

A breakdown of the pre-Administration fees and expenses is provided below for clarity.

Pre-Administration costs			
	Paid (£)	Unpaid (£)	Total (£)
Duff & Phelps: pre-Administration fees	0.00	£31,900	£31,900
Jones Day: pre-Administration legal fees	0.00	£5,425	£5,425
Total	0.00	£37,325	£37,325

The Joint Administrators will seek the approval for the pre-Administration costs from the Secured Creditors and, if appropriate, Preferential Creditors. The Joint Administrators have written to the Secured Creditors requesting they approve the Joint Administrators' pre-Administration costs.

7. Future strategy

7.1 Future conduct of the Administration

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

- Finalising and settling outstanding trading costs;
- Facilitate the transfer or surrender of the leases of the Premises;
- Completing investigations and / or continuing to liaise with the BEIS as appropriate; and
- Reviewing and paying outstanding costs of the Administration.

7.2 Extension of the Administration


An Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the creditors' consent.

On the basis of present information, it is uncertain whether an extension to the Administration will be required.

7.3 Future reporting

The Joint Administrators will provide a further progress report by 5 December 2020, or earlier if the Administration has been completed prior to that time.

If you require further information or assistance, please do not hesitate to contact Charlotte Tasker.



Geoffrey Bouchier
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Geoffrey Bouchier and Benjamin Wiles, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

Appendix 1 – Statutory information

COMPANY INFORMATION

Company and trading name	Dearman Engine Company Limited	
Date of incorporation	21 December 2010	
Registered Number	07475596	
Company Director(s)	Johan Dirk Kleijn Katherine Ann Priestley (Resigned on 20/12/2019) Adam Heaps (Resigned on 20/12/2019)	
Company Secretary	Robert Austin Guest (Resigned on 20/12/2019)	
Shareholders	The Directors and Secretary do not have any direct shareholdings in the Company.	
Trading address	Unit 5 Stafford Cross Business Park Stafford Road Croydon CR0 4TU	
Registered office	Current: C/o Duff & Phelps The Shard 32 London Bridge Street London SE1 9SG	Former: Unit 5 Stafford Cross Business Park Stafford Road Croydon CR0 4TU
Any Other trading names	N/A	

ADMINISTRATION INFORMATION

Administration Appointment	The Administration appointment granted in the High Court of Justice, number 008066 of 2019.	
Appointor	The Directors	
Date of Appointment	6 December 2019	
Joint Administrators	Geoffrey Wayne Bouchier (IP No. 9535) Benjamin John Wiles (IP No. 10670)	
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1	
Current Administration expiry date	5 December 2020	
Prescribed Part	The Prescribed part is applicable in this case. However, based on current information, it is not anticipated that there will be sufficient floating charge realisations to enable a distribution via the Prescribed Part.	
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.	

Appendix 2 – Approved Proposals

The following proposals were deemed approved by creditors on 12 February 2020 without modifications:

General

- To continue to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect;
- To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient in order to achieve the purpose of the Administration;
- To investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's creditors; and
- Seek an extension to the Administration period if considered necessary.

Distributions

- To make distributions to the Secured Creditors and preferential creditors where funds allow;
- To make distributions to the non-preferential unsecured creditors from the Prescribed Part, where applicable; and
- To make further distributions to the non-preferential unsecured creditors over and above the prescribed part, if funds become available and apply to court for authority to do so, where applicable.

End of Administration

That the Joint Administrators might use any or a combination of the following exit route strategies in order to bring the Administration to an end:

- Place the Company into Creditors' Voluntary Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Geoffrey Wayne Bouchier and Benjamin John Wiles of Duff & Phelps would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. The creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Petition the Court for a winding-up order placing the Company into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Geoffrey Wayne Bouchier and Benjamin John Wiles of Duff & Phelps would act as Joint Liquidators should the Company be placed into Compulsory Liquidation without further recourse to creditors. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies because (1) the Company has no remaining property which might permit a distribution to its creditors, and (2) all outstanding matters have been satisfactorily completed; and
- Alternatively, the Joint Administrators may allow the Administration to end automatically.

Appendix 3 – Receipts and Payments Account

Dearman Engine Company Limited (In Administration)

Joint Administrators' Trading Receipts and Payment Account

For the Reporting
Period
from 6 December 2019
to 6 June 2020

(£)

Trading Receipts

Administration Funding	300,000.00
	<hr/> 300,000.00

Trading Expenditure

Rates	(6,552.34)
Professional Fees	(191.01)
Repairs & Maintenance	(281.59)
Utilities	(1,299.84)
Payroll	(306,001.05)
Petty Cash Control Account	(100.00)
Cleaning Costs	(750.00)
IT Costs	(5,935.40)
Licence Fees	(4,149.18)
Employees' Tax/NI	(83,841.54)
Pension Contributions	(20,255.78)
	<hr/> (429,357.73)

Trading surplus / (deficit)

(129,357.73)

Dearman Engine Company Limited (In Administration)

Joint Administrators' Receipts and Payment Account

Statement of Affairs Estimated to Realise Values	For the Reporting Period from 6 December 2019 to 6 June 2020
(£)	(£)
Secured Assets	
5,000,000 Intellectual Property	7,625,000.00
Gross Bank Interest - Fixed Account	88.21
<u>5,000,000</u>	<u>7,625,088.21</u>
Costs of Realisation	
Agents/Valuers Fees	(6,000.00)
	<u>(6,000.00)</u>
Secured Creditors	
Coast to Capital	(2,409,797.43)
PV Cleantech I GP / Monarch Resources	(5,100,000.00)
	<u>(7,509,797.43)</u>
Floating Charge Asset Realisations	
Bank Interest Gross	167.63
Book Debts	123,248.26
Engine Units and TRUs	99,215.51
100,000 Plant and Machinery	333,525.61
Rent - Licence to Occupy	103,070.82
100,000 Stock	67,258.88
Tax Debtors (R&D Tax Credit)	
Trading Surplus / (Deficit)	(129,357.73)
1,027 Prepayments	
<u>201,027</u>	<u>597,128.98</u>
Floating Charge Costs of Realisation	
Agents/Valuers Disbursements	(212.15)
Agents/Valuers Fees	(3,000.00)
Bank Charges	(262.57)
Dataroom	(144.00)
Insurance of Assets	(1,986.15)
IT Security & Data Consultancy	(7,829.23)
Marketing Costs	(245.00)
Rents Payable	(82,456.66)
Repayment of Administration Funding	(300,000.00)
Stationary & Postage	(456.90)
Statutory Advertising	(87.48)
	<u>(396,680.14)</u>
Total	<u><u>309,739.62</u></u>
Represented By	
Fixed Bank Account	109,290.78
Fixed Charge VAT Control Account	1,200.00
Floating/Main Current Account	200,219.56
General VAT Control Account	3,152.12
VAT Payable	(8,245.68)
VAT Recievable	4,122.68
Total	<u><u>309,739.46</u></u>

Note: The Joint Administrators have allocated the SOA values above to the most appropriate category of realisations. However, it should be noted that, due to presentational differences, the asset categories do not exactly match those on the SOA.

Appendix 4 – Schedule of expenses

Dearman Engine Company Limited (In Administration)

Joint Administrators' Estimated Expenses for the Administration

Notes	Company	Type of Expense	Activity	Fee Basis	Amount Paid (£)	Amount Incurred (£)	Original Estimated Cost (£)	Variance (£)
Professional Advisors								
2	Hilke Valuation Services	Agents' Fees & Disbursements	Valuation of the Company's assets	Time Costs / Fixed Cap	9,212.50	9,212.50	9,000.00	(212.50)
3	Jones Day	Legal Fees	Legal advice in relation to the sale of the business and assets, assisting with investigations into the Company's affairs and ad hoc matters arising in the Administration	Time Costs	0.00	77,121.50	95,065.00	17,943.50
4	Counsel	Legal Fees	Validity of appointment review	Fixed Fee	0.00	12,000.00	12,000.00	0.00
5	LB Group (Chartered Accountants)	Accountancy Fees	Preparation of post-appointment corporation tax returns	TBC	0.00	3,650.00	3,500.00	(150.00)
Other Costs								
6	Ansarada	Sale of Business	Dataroom fees	Fixed Fee	144.00	144.00	144.00	0.00
7	IP Bid	Sale of Business	Marketing business for sale	Fixed Fee	245.00	245.00	245.00	0.00
	Frans Brouns	Sale of Business	IT Security and Data Consultancy	As Incurred	7,829.23	7,829.23	0.00	(7,829.23)
8	Total Data Management	Statutory Compliance	Storage costs	Fixed Fee Per Unit	0.00	0.00	500.00	500.00
9	Accurate Mailing Services Ltd	Statutory Compliance	Stationary and Postage	As Incurred	458.90	458.90	700.00	243.10
10	Courts Advertising Ltd	Statutory Compliance	Statutory Advertising	Fixed Fee Per Unit	87.48	87.48	87.48	0.00
	Ideal Locksmiths	Statutory Compliance	Lock change at the Company's premises	Fixed Fee	0.00	180.00	180.00	0.00
11	AUA Insolvency Risk Services Limited	Statutory Compliance	Insurance of assets	As Incurred	1,888.15	1,888.15	0.00	(1,888.15)
Total Expenses					19,961.26	112,912.78	121,421.48	8,508.72
Disbursements								
Category 1 Disbursements								
12	Category 1 Disbursements							
13	Bond Premium				0.00	225.00	225.00	0.00
	Travel				0.00	385.73	385.73	0.00
	Subsistence				0.00	52.88	52.88	0.00
14	Sundry				0.00	93.38	0.00	(93.38)
	Total				0.00	758.95	663.59	(93.36)
Category 2 Disbursements								
15	Category 2 Disbursements							
	No Category 2 Disbursements have been incurred							
	Total				19,961.26	113,669.71	122,085.07	8,415.38

Notes to Expenses Schedule

- The Joint Administrators' choice of professional advisors is based on their perception of the experience and ability of the respective firms / individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.
- The Joint Administrators instructed agents to value the Company's assets, as part of the sale of business process, which is necessary to enable the Administrators to assess bids received for the Company.
- Legal costs incurred do not generally provide a direct benefit to creditors, except where these relate to the sale of business, or recovery of assets. Other legal costs incurred are required to ensure compliance with legal and statutory requirements.
- The Joint Administrators instructed counsel to consider the validity of the Secured Creditors' security. This has no direct benefit to creditors but is required in the circumstances.
- The Joint Administrators instructed accountants to complete post-appointment tax returns. This has no direct benefit to creditors but is necessary to comply with tax regulations.
- Costs incurred in relation to Ansarada and IP Bid relate to the provision of information in relation to the Company to prospective purchasers, and have resulted in a direct benefit to creditors following the sale of the Company's business and assets.
- Books and records of the Company will be stored off site with an external provider for one year from the conclusion of the Administration/Liquidation. In addition, it is a statutory requirement that books and records of the Joint Administrators/Liquidators must be kept for six years after the conclusion of the Administration/Liquidation.
- It is usually more cost effective to employ an external agent to print and mail circulars to creditors and members, as required by statute.
- Statutory advertising of the Notice of Appointment in the London Gazette is required under insolvency legislation.
- The Joint Administrators took out insurance for the assets of the Company prior to the sale.
- Category 1 Disbursements are payments to independent third parties where there is specific expenditure directly referable to the Administration.
- It is a statutory requirement for insolvency practitioners to have a bond on each case to which they are appointed. The cost is based on the value of the assets.
- Sundry disbursements relate to costs incurred dealing with the collection and back up of the Company's electronic and hard copy records, which were not originally included in the expenses estimate, however it is a statutory requirement for the Joint Administrators to retain relevant records of the Company.
- Category 2 Disbursements are costs that are directly referable to the Administrators but not to a payment to an independent third party. There were no Category 2 Disbursements incurred.

The above costs exclude VAT.

Appendix 5 – Analysis of time charged and expenses incurred

Dearman Engine Company Limited (In Administration)

Analysis of the Joint Administrators' Time Costs for the Reporting Period

	Hours						Avg
	Managing Director	Manager	Senior	Assistant	Total Hours	Time Costs £	Hourly Rate £
Administration and Planning							
Case Review & Case Diary Management	0.30	0.50	0.00	3.70	4.50	1,845.50	410.11
Cashiering & Accounting	0.00	13.80	4.30	28.90	47.00	16,228.00	345.28
Dealings with Directors and Mangement	0.00	4.80	0.00	3.90	8.70	3,416.00	392.64
IPS Set Up & Maintenance	0.00	1.10	0.00	3.70	4.80	1,354.50	282.19
Insurance	0.00	0.00	0.00	3.20	3.20	1,066.00	333.13
Statement of Affairs	0.00	1.50	0.00	2.60	4.10	1,603.00	390.98
Statutory Matters (Meetings, Reports & Notices)	7.20	33.90	2.00	73.80	116.90	39,005.00	333.66
Strategy, Planning & Control	0.70	12.70	0.00	21.20	34.60	14,258.00	412.08
Tax Compliance / Planning	0.00	2.40	0.00	6.70	9.10	3,383.50	371.81
Creditors							
Communications with Creditors / Employees	1.60	11.30	0.00	53.10	66.00	20,434.00	309.61
Non-Preferential Creditors / Employee Claims Handling	0.00	0.90	0.00	2.30	3.20	1,323.00	413.44
Preferential Claims Adjudication & Distribution	0.00	1.30	0.00	9.10	10.40	4,322.50	415.63
Secured Creditors	6.30	10.30	0.00	1.10	17.70	10,389.00	586.95
Investigations							
CDDA & Reports & Communication	0.00	16.80	0.00	27.10	43.90	19,830.00	451.71
Financial Review and Investigations	3.90	11.40	0.00	24.10	39.40	16,659.50	422.83
Realisation of Assets							
Book Debts	0.00	0.70	0.00	4.60	5.30	2,099.50	396.13
Freehold & Leasehold Property	0.00	2.50	0.00	9.20	11.70	4,737.50	404.91
Goodwill and Intellectual Property Rights	0.00	0.00	0.00	0.50	0.50	160.00	320.00
Hire Purchase & Lease Assets	0.00	0.00	0.00	1.70	1.70	544.00	320.00
Other Intangible Assets	0.00	0.90	0.00	0.00	0.90	477.00	530.00
Other Tangible Assets	0.00	0.80	0.00	0.00	0.80	424.00	530.00
Plant & Machinery & Fixtures & Motor Vehicles	0.00	0.00	0.00	1.00	1.00	320.00	320.00
Sale of Business	60.30	41.00	0.00	26.10	127.40	65,490.00	514.05
Trading							
Trading - Accounting	0.00	2.00	0.00	14.90	16.90	5,202.00	307.81
Trading - Employees	0.00	5.60	0.00	15.60	21.20	8,069.00	380.61
Trading - Hire Purchase Matters	0.00	0.00	0.00	1.00	1.00	320.00	320.00
Trading - Operations	0.00	6.90	0.00	16.80	23.70	8,873.00	374.39
Trading - Retention of Title & Claims Handling	0.00	0.00	0.00	1.30	1.30	416.00	320.00
Total Hours:	80.30	183.10	6.30	357.20	626.90		402.38
Total Fees Claimed: (£)	49,095.00	104,852.50	2,230.00	96,072.00		252,249.50	

Appendix 6 – Narrative of work carried out for the Reporting Period

This summary should be read in conjunction with the content of this report together with Appendix 5.

The Joint Administrators' time costs incurred in the Reporting Period total £252,250 which represents 627 hours at an average hourly rate of £402. The Joint Administrators' fee estimate provided in the Proposals Report totalled £243,312 and time costs are in excess of the fee estimate by a total of £8,938. The Joint Administrators provide the following supporting narrative in relation to these time costs:

Administration & Planning

A total of £82,160 has been incurred in relation to administration and planning, representing 233 hours at an average charge out rate of £353.

Time costs under this heading include:

- Monitoring and reviewing the Administration strategy;
- Briefing staff on the Administration strategy and matters in relation to workstreams;
- Advertising the Administration appointment and notifying all relevant stakeholders;
- Complying with anti-money laundering checks, bribery act and ethical checks;
- Setting up the Administration on Duff & Phelps' internal systems and on the creditors' portal website;
- Companies House and Court filings;
- Calculating and obtaining the Insolvency Practitioners Bond;
- Setting up Administration bank accounts;
- Undertaking treasury functions in respect of receipts and payments of the Administration to date;
- Reviewing and obtaining preliminary tax advice concerning the possible tax implications of the sale of the Company's business and assets;
- Dealing with subsequent tax compliance and return;
- Completing internal compliance reviews and checklists;
- Advertising the appointment of the Joint Administrators;
- Notifying all relevant parties of the Administration and dealing with the necessary filings at Companies House and Court;
- Preparation of the Proposals Report and preparing the necessary statutory documentation in relation to the approval of the Proposals Report;
- Dealing with statutory matters in relation to the Company's pension scheme;
- Work relating to the completion of the SOA and filing at Companies House;
- Arranging collection of statutory books and records and back up of electronic records;
- Completing case reviews at week one and month three;
- General case oversight by senior team members over key issues, including statutory matters;
- Regularly reconciling the Administration bank accounts;
- Reviewing matters affecting the outcome of the Administration; and
- Complying with internal filing and information recording practices, including documenting strategy decisions.

These time costs, together with the expenses of Jones Day, Counsel, LB Group, Frans Brouns, Total Data Management, Courts Advertising and Ideal Locksmiths, detailed at Appendix 4, do not provide a direct benefit to creditors, but are required by statute, in accordance with insolvency legislation, or are necessary to ensure compliance with best practice and to ensure the case is dealt with efficiently.

The time costs in relation to statutory matters exceed the fee estimate, which totalled £29,000, by £10,005 due to additional time spent on a range of matters. For example, additional time was spent dealing with obtaining information to complete necessary anti-money laundering checks as well as time spent liaising with some creditors regarding the Proposals Report.

Time costs in relation to cashiering and accounting have exceeded the fee estimate, which totalled £6,690, by £9,538 due to time spent following up with suppliers following the trading period to obtain invoices. This process is ongoing and has taken considerable additional time as some suppliers have been difficult to contact.

Time costs under other headings in this category are broadly in line with the fee estimate, however future time costs of c£30,000 are anticipated in respect of administration and planning which will relate to ongoing strategy and planning, the preparation of statutory reports, and dealing with outstanding cashiering matters.

Creditors

Time costs in relation to creditors total £36,469, representing 97 hours at an average charge out rate of £375. This includes:

- Responding to enquiries from creditors regarding the Administration and submission of their claims;
- Reviewing and dealing with creditor correspondence received;
- Dealing with enquiries from employees of the Company;
- Updating the non-preferential unsecured creditor details on our internal systems;
- Uploading documents to the creditors' portal;
- Reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records;
- Providing updates to the Secured Creditors regarding the progress of the Administration and case strategy;
- Liaising with the Company's pension provider in relation to the Administration; and
- Preparing an RP15 claim and submitting this to the RPS in respect of amounts due to the pension scheme relating to former employees of the Company.

These time costs, and the expenses of Accurate Mailing as detailed at Appendix 4, do not provide a financial benefit to creditors, but are necessary to ensure that creditors are kept informed of the progress of the Administration and that their queries are answered.

The Joint Administrators have exceeded their fee estimate of £25,500 in relation to creditors by £10,969. This is partly due to time spent collating information in relation to the pension scheme and preferential claims and submitting the RP15 forms. These time costs were not included in the original fee estimate. The variance is also due to receiving a significant number of enquiries from creditors and shareholders, which has increased time costs in relation to communications with creditors and employees.

The Joint Administrators anticipate incurring future costs of c£7,500 in relation to creditors, depending on the level of enquiries received. However, these time costs will be higher in the event that there are sufficient realisations to enable a distribution to any class of creditor.

Investigations

A total of £36,499 has been incurred in relation to investigations, representing 83 hours, at an average charge out rate of £438. This work includes:

- Obtaining a backup of the Company's financial and IT records;
- Liaising with HSBC to obtain the Company's bank statements and company card statements;
- Issuing questionnaires to the Directors for completion;
- Writing to the Company's professional advisors and other third parties, where applicable;
- Analysis of the Company's bank statements for the three year period leading up to the appointment;
- Review of the Company's board minutes;
- A review of the Company's other relevant financial records, including statutory accounts, management accounts;
- Review of any other information provided by creditors and/or third parties;

- Consideration of potential claims; and
- Submission of the Joint Administrators' statutory report on the directors' conduct to the DBEIS.

These time costs do not result in a financial benefit to creditors, except in the event of a successful claim, however this work is required by statute.

The Joint Administrators have not exceeded their fee estimate in respect of investigations. Further time costs are likely to be incurred of c£8,000.

Realisation of Assets

A total of £74,252 has been incurred in relation to the realisation of assets, including the sale of the business and assets, representing 149 hours at an average charge out rate of £497. This work includes:

- Liaising with the Directors and the management team to prepare a teaser document;
- Preparing a target list of interested parties and circulating the teaser document;
- Set up of a dataroom to facilitate distribution of Company information to prospective interested parties;
- Collating and reviewing Company information for inclusion in the dataroom;
- Advertising the opportunity on IP Bid;
- Reviewing *Non-Disclosure Agreements* and following up with interested parties;
- Discussions with interested parties in relation to the Company and providing further information where required;
- Negotiations with interested parties and reviewing offers received;
- Liaising with solicitors on matters relating to the sale, including the sale and purchase agreement and other legal issues;
- Communicating details of the sale to all relevant parties;
- Liaising with the Purchaser and the landlord/agents of the Premises in respect of the licences to occupy, licence fees and potential assignment of the leases;
- Corresponding with the Purchaser in relation to matters arising post-completion;
- Reviewing the position in relation to book debts, being primarily the grant funding and liaising with solicitors in this regard; and
- Liaising with HSBC in order to recover the grant funding.

These time costs, and the expenses of Hilco, Ansarada, IP Bid and AUA Insolvency Risk Services, detailed at Appendix 4, have resulted in a direct benefit to creditors, as they relate to asset realisations which have increased the funds available to the Administration estate.

Time costs in relation to freehold and leasehold property have exceeded the fee estimate, which totalled £1,980, by £2,758 as a result of correspondence with the landlord/agents of the Premises and the Purchaser in relation to the leases, and the licence fees, which has been protracted and taken longer than anticipated.

Other time costs in this category are broadly in line with, or below, the fee estimate. Future time costs of c£2,500 are anticipated in relation to dealing with the leases of the Premises and any assignment in this regard.

Trading

Time costs in relation to trading matters total £22,880, representing 64 hours at an average charge out rate of £357. These time costs include:

- Preparing forecasts of the likely costs to be incurred during the trading period and regularly reviewing these;
- Communicating with staff in relation to the Administration and liaising with staff in relation to matters arising during the trading period;

- Informing suppliers of the Administration and arranging continuation of supply as required;
- Obtaining meter readings and liaising with utility suppliers; and
- Liaising with suppliers to obtain invoices for the trading period and dealing with payments.

The above work has not resulted in a financial benefit to creditors but was necessary to facilitate a going concern sale of the business and assets.

The Joint Administrators have exceeded their fee estimate in relation to employees, which totalled £7,110, by £959 due to additional time spent dealing with enquiries received from employees during the extended trading period and dealing with payroll matters. However, overall, the Joint Administrators' time costs are lower than anticipated in respect of trading matters. However, it is noted that considerable time in relation to dealing with suppliers' invoices during the trading period has been recorded under cashiering and accounting.

No future time costs are anticipated in relation to trading.

Appendix 7 – Statement of creditors' rights

Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)

Section or paragraph numbers refer to Insolvency Act 1986

If you require a copy of any relevant rule or section, please contact Charlotte Tasker at Charlotte.Tasker@duffandphelps.com.

Information for creditors on remuneration and disbursements of Administrators

Information regarding the fees and disbursements of Administrators, including details of the Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Administrators' Fees". This can be viewed and downloaded from the Duff & Phelps website at:

<https://www.duffandphelps.co.uk/-/media/assets/pdfs-international/uk/creditors-guide/administration-a-creditors-guide-to-insolvency-practitioner-fees-updated>

(click on the document 'Administration (appointment from 1 October 2015)'). Should you require a copy, please contact this office.

Creditors' requests for further information

If you would like to request more information about the Joint Administrators' remuneration and disbursements disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of the Joint Administrators' remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors (including the unsecured creditors making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Charlotte Tasker at Charlotte.Tasker@duffandphelps.com.

Appendix 8 – Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	6 December 2019, being the date of appointment of the Joint Administrators
the Bank or HSBC	HSBC Bank plc, with whom the Company banked at the Appointment Date
Category 1 Disbursements	The Joint Administrators' external and incidental costs and expenses in dealing with the Administration
Category 2 Disbursements	The Joint Administrators' internal costs and expenses in dealing with the Administration
the Company	Dearman Engine Company Limited (In Administration) (Company Number: 07475596)
CTC	Coast to Capital, the holder of a first ranking fixed and floating charge over the Company's assets
DBEIS	Department for Business, Energy & Industrial Strategy
the Directors	Adam Heaps, Johan Kleijn and Katherine Priestley, the directors of the Company as at the Appointment Date
EC Regulation	EC Regulation on Insolvency Proceedings 2000
HMRC	HM Revenue and Customs
IP Bid	www.ip-bid.com , a marketplace for the sale of insolvent businesses and distressed assets
the Joint Administrators	Geoffrey Wayne Bouchier and Benjamin John Wiles of Duff & Phelps Ltd, The Shard, 32 London Bridge Street, London SE1 9SG Contact email: Charlotte.Tasker@Duff&Phelps.com
Jones Day	Solicitors instructed by the Joint Administrators to provide legal advice in relation to the sale of business, and other ad hoc matters arising in the Administration
Monarch / PV Cleantech	Monarch Resources Limited and PV Cleantech I GP Limited, the holders of a second ranking fixed and floating charges over the Company's assets
the Reporting Period	The period from 6 December 2019 to 5 June 2020
the Premises	Unit 4 & Unit 5, Stafford Cross Business Park, Stafford Road, Croydon, CR0 4TU. Leasehold premises from which the Company operated
the Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the Company's net

	property (floating charge assets less costs of realisation) shall be made available to unsecured creditors
the Proposals Report	The Joint Administrators Statement of Proposals dated 28 January 2020.
the Purchaser	Clean Cold Power UK Limited, the purchaser of the business and assets of the Company (Company Number: 12358067)
RPS	Redundancy Payments Service
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Secured Creditors	Collectively, CTC, PV Cleantech and Monarch, the secured creditors as at the Appointment Date
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SOA	Statement of Affairs, documentation supplied by the Director outlining the Company's financial position as at the Appointment Date
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006
the Valuation Agent	Hilco Valuation Services, independent agent who were instructed to value and sell the business and assets of the Company

Appendix 9 – Notice about this report

This report has been prepared by Geoffrey Wayne Bouchier and Benjamin John Wiles, the Joint Administrators of the Company, solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of any financial interest in the Company or any other company in the same group.

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

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 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 this report to any such person.

Geoffrey Wayne Bouchier and Benjamin John Wiles are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

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, Duff & Phelps Ltd. does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the Administration.