

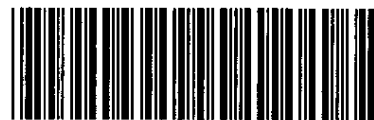
# AM03

## Notice of administrator's proposals



Companies House

TUESDAY



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A06

20/06/2017

#298

COMPANIES HOUSE

### 1 Company details

Company number 0 7 6 2 2 6 3 7

Company name in full Fuller-Fuel Ltd

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Julie Anne

Surname Palmer

### 3 Administrator's address

Building name/number Units 1 to 3 Hilltop Business Park

Street Devizes Road

Post town Salisbury

County/Region Wiltshire

Postcode S P 3 4 U F

Country

### 4 Administrator's name

Full forename(s) Sally

Surname Richards

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address

Building name/number Units 1 to 3 Hilltop Business Park

Street Devizes Road

Post town Salisbury

County/Region Wiltshire

Postcode S P 3 4 U F


Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

AM03.  
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	

7	Sign and date	
Administrator's Signature	<div>Signature</div> <div>✕</div> <div></div> <div>✕</div>	
Signature date	<div><div><sup>d</sup>1<sup>d</sup>9</div><div><sup>m</sup>0<sup>m</sup>6</div><div><sup>y</sup>2<sup>y</sup>0<sup>y</sup>1<sup>y</sup>7</div></div>	

# AM03

## Notice of Administrator's Proposals



### Presenter information

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

Contact name	Callum Wareing
Company name	Begbies Traynor (Central) LLP
Address	Units 1 to 3 Hilltop Business Park Devizes Road
Post town	Salisbury
County/Region	Wiltshire
Postcode	S P 3 4 U F
Country	
DX	
Telephone	01722 435190



### Checklist

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

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

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



### Important information

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



### Where to send

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

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



### Further information

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

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

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

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## Fuller-Fuel Ltd (In Administration)

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Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

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## **Important Notice**

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. 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.

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## 1. INTERPRETATION

<b><u>Expression</u></b>	<b><u>Meaning</u></b>
"the Company"	Fuller-Fuel Ltd (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 27 April 2017
"the administrators", "we", "our", "us"	Julie Anne Palmer of Begbies Traynor (Central) LLP, Units 1-3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF and Sally Richards of Begbies Traynor (Central) LLP, Units 1-3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

## 2. STATUTORY INFORMATION

Name of Company	Fuller-Fuel Ltd t/a Fuller Fuel	
Date of Incorporation	5 May 2011	
Company registered number	07622637	
Company registered office:	Units 1 to 3, Hilltop Business Park, Devizes Road, Salisbury, SP3 4UF	
Former registered office:	Unit 21, Heron Business Park, Tan House Lane, Widnes, WA8 0SW	
Trading addresses	Unit 21, Heron Business Park, Tan House Lane, Widnes, WA8 0SW	
	Unit 6, Sefton Business Park, Olympic Way, Aintree, L30 1RD	
	Unit 3, Gerards Park, St Helens, WA10 1ND	
	Unit 7 , Commerce Park, Campbelltown Road, Birkenhead, CH41 9HP	
	Unit 15, Lamplight Way, Agecroft Commerce Park, Swinton, M27 8UJ	
Principal business activities:	Biomass – Supply of BioDiesel and BioHeat	
Directors and details of shares held in the Company (if any).	<b>Name</b>	<b>Shareholding</b>
	Paul Fullerton	34 ordinary shares
	Christopher Trehwitt	33 ordinary shares
	Leslie Johnson	33 ordinary shares
Company Secretary and details of the shares held in Company (if any).	<b>Name:</b>	<b>Shareholding</b>
	N/A	N/A
Accountants:	Mitchell Charlesworth, Glebe Business Park, Lunts Heath Road, Widnes, WA8 5SQ.	
Share capital:	100 ordinary shares	
Shareholders	Paul Fullerton of 77 Upton Rocks Avenue, Widnes, WA8 9DA holding 34% of the ordinary share capital.	
	Christopher Trehwitt of 36 Old Park Land, Southport, Merseyside, PR9 7BG holding 33% of the ordinary share capital	
	Leslie Johnson of 340 Pensby Road, Heswall, Merseyside, CH61 9NG holding 33% of the ordinary share capital	

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	27 April 2017
Court.	High Court of Justice, Chancery Division, Birmingham District Registry
Court Case Number	8113 of 2017
Persons making appointment	Paul Fullerton of 77 Upton Rocks Avenue, Widnes, WA8 9DA acting as Chairman of the board of directors.
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings:	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

### STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
  - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
  - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
  - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
  - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."



#### 4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company was incorporated on 5 May 2011 and revenue grew to £1.1m by March 2015. Originally Paul Fullerton was the sole director although Christopher Trehwitt and Leslie Johnson were appointed as directors on 2 November 2016. Companies House shows that the three directors are also shareholders of the Company.

The Company traded as a producer and retailer of biodiesel for use in motor vehicles from five leasehold properties with seven staff. The production process was completed at the Widnes site with all sites offering retail services. The Company sold its product to the general public and there were no trade accounts.

Extracts from the Company's profit and loss account report the following

	<b>Year Ended 31.3.2016 £</b>	<b>Year Ended 31.3.15 £</b>	<b>Year Ended 31.3.14 £</b>
Turnover	-	1,104,328	718,576
Cost of sales	-	(910,629)	(608,179)
Gross profit	-	193,699	110,397
Operating profit/loss	-	12,258	(9,972)

Please note that we have been unable to provide any information on the profit and loss account for the year ended 31 November 2016 as we have only been provided with the abbreviated accounts.

Extracts from the Company's balance sheet report the following:

	<b>Year Ended 30.11.2016 £</b>	<b>Year Ended 30.11.2015 £</b>
Tangible Assets	95,085	93,149
Stock	65,820	228,250
Debtors	83,571	17,826
Cash at bank	48	5,550
Creditors due following within one year	(364,122)	(116,777)
Net liabilities	(214,682)	134,799

##### **The reasons for the Company's insolvency**

The Company began to experience financial difficulties as a result of the falling oil prices which has adversely affected cashflow. The fall in oil price resulted in the price of petrol and diesel also decreasing at petrol stations.

The price charged by the Company for biofuel was linked to the price of fuel at a petrol station and was sold at a rate of 10p cheaper than the leading supermarket's petrol costs. This in turn reduced the Company's net profit margin and resulted in difficulties in covering finance costs as the Company was highly geared.

The Company was insolvent on a cashflow basis as the Company was unable to pay its debts as and when they fell due. For example, the Company was in arrears in relation to rent on the leasehold properties and the finance agreement with Alfandari Private Equities Limited.

Furthermore, the Company was insolvent on a balance sheet basis as its liabilities exceeded its assets resulting in negative net assets of £214,682 as detailed above.

Prior to our appointment we advised the Company and not the directors on their personal positions, the directors were encouraged to take independent advice. Note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Julie Anne Palmer and Sally Richards prior to their formal appointment as administrators and not by the directors of the Company

## 5. STATEMENT OF AFFAIRS

The directors have not provided us with a statement of affairs as at 27 April 2017. Therefore, we have prepared an estimated statement of affairs based on information provided to date. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement

Our comments on the statement of affairs are as follows

### i Fixed charge assets

The Company's goodwill is subject to a fixed charge in favour of both National Westminster Bank plc ("Natwest") and Alfandari Private Equities Limited ("Alfandari") for c.£109k and c.£71k respectively. The estimated to realise amount reflects the amount agreed in sale document to Biodiesel (NW) Limited. Goodwill was not recognised in the financial statements as it was internally generated.

### ii Floating charge assets

All of the Company's assets apart from book debts and cash at bank were sold to Biodiesel (NW) Limited via a pre-pack administration as detailed in Appendix 4. The estimated to realise amounts reflect the amount agreed in sale document.

The significant write down between the estimated to realise and the book value of the plant and machinery, equipment and stock was due to.

- The business having to stop trading due to a lack of working capital prior to our appointment.
- Production of biofuel stopping as the Company had no working capital and holding no/limited raw materials.
- A significant amount of assets being subject to financing agreements.
- Condition of the plant and machinery.

The Company's book debts were not included in the sale agreement and have a book value of £83.5k. The estimated to realise amount is uncertain as we have failed to receive any information on the debtors meaning that we are unable to estimate the realisable amount.

### iii Liabilities

The Company's liabilities consist of the following.

- Preferential creditors

There is a preferential claim relating to employees for arrears of wages, salary and holiday pay which are estimated at £8,515.37.

- Unsecured creditors

Unsecured creditors total £417,105.68 which includes a loan from Paul Fullerton of £112k.

## 6. THE ADMINISTRATION PERIOD

### Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 27 April 2017 to 15 June 2017

#### i. Receipts

The only receipt during this reporting period was £5.95 from the closure of the Company's bank account

#### ii Payments

There have been no payments during the period in question.

### Work undertaken by the Administrators and their staff

I confirm that we have completed the following work since our appointment on 27 April 2017

- Dealt with the formalities our appointment in accordance with the Insolvency Act 1986.
- Produced statutory reports and returns.
- Completed the sale of the Company's business and assets to Biodiesel (NW) Limited
- Completed a SIP 16 report and circulated it to all known creditors to inform them of the pre-packed sale via administration of the Company's business and assets.
- Written to the Company's director in relation to the effect of our appointment on his powers as director.
- Requested the directors to complete a statement of affairs of the Company as at the date of insolvency.
- Written to the directors in relation to their duty to co-operation with us in accordance with Section 235 of the Insolvency Act 1986 and requested them to complete a questionnaire on the Company's affairs. Please note that this is standard practice.
- Responded to creditor queries in a timely manner.
- Notified HMRC of our appointment and completed a VAT7 form in order to deregister the Company from VAT.
- Chased Biodiesel (NW) Limited for the initial and deferred consideration due under the sale agreement together with rent due under the licence to occupy. To date we have failed to recover these funds
- Written to the Company's bank requesting for the credit balance to be transferred to us together with bank statements
- Written to the Company's accountant requesting their books and records to assist us with our investigations into the Company's assets and liabilities in accordance with SIP 2.

### Pre-packaged sale of the business and assets

A copy of our SIP 16 Statement sent to creditors on 4 May 2017 is attached at Appendix 4

The administrators' proposals were not sent at the same time as the SIP 16 report as we were waiting for the directors to complete the statement of affairs

Furthermore, we also delayed sending the proposals as we were considering winding up Biodiesel (NW) Limited as we have failed to receive the initial and deferred consideration from Biodiesel (NW) Limited as detailed above. To date rent due under the licence to occupy Unit 21 Heron Business Park, Tan House Lane, Widnes, WA8 0SW remains unpaid

## 7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment are as follows:

### Secured creditors

Natwest were granted a debenture over the Company which included both a fixed and floating charge over its assets. Their charge was created on 15 December 2015 and were owed c.£109k as at the date of administration. We understand that Paul Fullerton has personally guaranteed Natwest's debt

Alfandari were also granted a debenture over the Company's assets which included both a fixed and floating charge. Their charge was created on 13 December 2016 and were owed c.£71k as at the date of insolvency.

### Preferential creditors

The preferential claim relating to employees for arrears of wages, salary and holiday pay were estimated at £8,515.37

### Unsecured creditors

Unsecured creditor claims were estimated at £417,105. Paul Fullerton loaned the Company c.£112k according to the financial statements as at 30 November 2016

Furthermore, Paul Fullerton has personally guaranteed National Westminster Bank's loan of c.£109k.

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

### Secured creditors

The secured creditors are unlikely to receive a dividend if they approve the costs of the administration. Therefore, both Natwest and Alfandari are likely to suffer a shortfall of c.£109k and £71k respectively.

### Preferential creditors

Based upon realisations to date and estimated future realisations, there will be insufficient funds available to enable a dividend to be paid to the preferential creditors.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if

- ❑ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ❑ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

We have estimated, to the best of our knowledge and belief, the Company's net property, to be £15,048.22 and the prescribed part of the Company's net property to be £6,009.64 before taking into account the costs of the administration.

The administrators do not intend to make a distribution of the prescribed part as the estimate of the Company's net property is less than the minimum prescribed and the administrators consider that the costs of making a distribution of the prescribed part to unsecured creditors would be disproportionate to the benefits.

### **Unsecured creditors**

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

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

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

## **8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION**

### ***Purpose of the Administration***

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, we consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole.

It was not reasonably practicable to rescue the Company as a going concern as no third party would invest in the business given its level of debt. Furthermore, objective 3(1)(b) was not a viable option as the sales consideration negotiated by Biodiesel (NW) Limited was insufficient to enable a distribution to unsecured creditors.

We consider that the objective pursued has already largely been achieved due to pre-packaged sale of the Company's business and assets to Biodiesel (NW) Limited. In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude to:

- Collect the sale consideration due from Biodiesel (NW) Limited
- Investigate the Company's affairs and report to the Insolvency Service on the directors' conduct.

Following these events we propose to agree any distribution to the secured creditors. This dividend is likely to be limited once/if the secured creditors approve our remuneration for dealing with the administration.

### **Exit from Administration**

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

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

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to collect the deferred consideration in accordance with the sale agreement. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

## **9. PRE-ADMINISTRATION COSTS**

In the period before the Company entered administration, we carried out work consisting of:

- Corresponding with the Company and its advisors in relation to the Company's affairs, solvency and timing of the administration to ensure asset realisations were maximised.
- Liaising with our solicitors in relation to the appointment, sale of business and debenture over the new entity.
- Successfully tested the market by marketing the Company's business and assets to maximise asset realisations.
- Liaising with our agents in terms of the asset valuation strategy and Biodiesel (NW) Limited's offer.
- Negotiating the sale value and payment terms with Biodiesel (NW) Limited.
- Reviewing the draft sale agreement to Biodiesel (NW) Limited.
- Drafting statutory reports such as the SIP16 report. We have a statutory duty to report the pre-packed sale of the Company's business and assets to Biodiesel (NW) Limited within 7 days of the transaction.
- Preparing/reviewing the notices of intention to appoint administrators and the notice of appointment of administrators.

The Work was carried out pursuant to an agreement made between us and the Company entered into on 26 March 2017 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration as we consider that the Work has furthered the achievement of the objective of administration being pursued, namely realising property in order to make a distribution to one or more secured or preferential creditors.

The pre-administration costs are broken down as follows

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	5,928.50	1,185.70	7,114.20
Legal fees	Harrison Clark Rickerbys Limited	14,907.00	2,981.40	17,888.40
Legal disbursements	Harrison Clark Rickerbys Limited	128.69	25.74	154.43
Agents fees	Breal Asset Valuation	5,000.00	1,000.00	6,000.00
Agents disbursements	Breal Asset Valuation	170.00	34.00	204.00
<b>TOTAL PRE-ADMINISTRATION COSTS</b>		<b>26,134.19</b>	<b>5,226.84</b>	<b>31,361.03</b>

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, each secured creditor of the Company. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

## 10. REMUNERATION AND DISBURSEMENTS

### Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate as detailed in Appendix 3.

We consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part fund of any net floating charge property. In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor and the preferential creditors of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 27 April 2017.

### Disbursements

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

### Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

## 11. OTHER INFORMATION TO ASSIST CREDITORS

### **Report on the conduct of directors**

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy.

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

### **Connected party transactions**

Please see Appendix 4 for details of connected party transactions.

### **Deemed delivery**

These proposals will be deemed to have been delivered on 21 June 2017

## 12. CONCLUSION

As explained in Section 7 above, neither of the objectives specified in paragraph 3(1)(a) and (b) of Schedule B1 to the Act can be achieved.

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within 8 business days of 20 June 2017. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

Subject to the approval of our proposals we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



Julie Palmer  
Joint Administrator

Date 15 June 2017



# ACCOUNT OF RECEIPTS AND PAYMENTS

## 27 April 2017 to 15 June 2017

S of A £		£	£
	SECURED ASSETS		
11,436 41	Goodwill	<u>NIL</u>	NIL
	SECURED CREDITORS		
(109,216 00)	National Westminster Bank	NIL	
(71,000 00)	Alfandan Private Equities Limited	<u>NIL</u>	NIL
	ASSET REALISATIONS		
12,122 60	Plant & Machinery	NIL	
2,859 10	Equipment	NIL	
8,577 31	Motor Vehicles	NIL	
2 29	Stock	NIL	
Uncertain	Book Debts	NIL	
2 29	Customer Contracts	NIL	
NIL	Cash at Bank	<u>5 95</u>	5 95
	PREFERENTIAL CREDITORS		
(8,515 37)	Employees - Arrears of Pay & Holiday Pay	<u>NIL</u>	NIL
	UNSECURED CREDITORS		
(71,373 00)	Trade Creditors	NIL	
(13,751 00)	Employees	NIL	
(211,583 00)	Loans	NIL	
(3,444 68)	Landlords	NIL	
(112,000 00)	Director's Loans	NIL	
(4,954 00)	HMRC	<u>NIL</u>	NIL
	DISTRIBUTIONS		
(100 00)	Ordinary Shareholders	<u>NIL</u>	NIL
<u>(570,937 05)</u>			<u>5.95</u>
	REPRESENTED BY		
	Bank 1 Current		5 95
			<u>5 95</u>

# DIRECTORS' STATEMENT OF AFFAIRS AS AT 27 APRIL 2017

	Book Value £	Estimated to Realise £	£
<b>FIXED CHARGE ASSETS</b>			
Goodwill	Nil	11,436.41	
National Westminster Bank		(109,216.00)	
Alfardan Private Equities Limited		(71,000.00)	
Deficiency c/d		<u>(168,779.59)</u>	
<b>FLOATING CHARGE ASSETS</b>			
Plant & Machinery	74,406.00		12,122.60
Equipment	13,838.00		2,859.10
Motor Vehicles	6,841.00		8,577.31
Stock	65,820.00		2.29
Book Debts	83,572.00		Uncertain
Customer Contracts	-		2.29
Cash at Bank	48.00		<u>NIL</u>
			23,563.59
<b>LIABILITIES</b>			
<b>PREFERENTIAL CREDITORS -</b>			
Employees - Arrears of Pay & Holiday (Count=8)		8,515.37	
			<u>8,515.37</u>
			15,048.22
<b>DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003</b>			
<b>OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS</b>			<u>NIL</u>
			15,048.22
Estimated prescribed part of net property where applicable (to carry forward)			<u>6,009.64</u>
			9,038.58
<b>DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003</b>			
Deficiency b/d		168,779.59	
			<u>168,779.59</u>
Shortfall to qualifying floating charge holders			(159,741.01)
Estimated prescribed part of net property where applicable (brought down)			<u>6,009.64</u>
			6,009.64
<b>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</b>			
Trade Creditors		71,373.00	
Employees (Count=8)		13,751.00	
Loans		211,583.00	
Landlords		3,444.68	
Director's Loans		112,000.00	
HMRC		<u>4,954.00</u>	
			417,105.68
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)			(411,096.04)
Shortfall in respect of F C's post 14 September 2003 (brought down)			<u>159,741.01</u>
			(570,837.05)
<b>Issued and called up capital</b>			
Ordinary Shareholders		100.00	
			<u>100.00</u>
<b>TOTAL SURPLUS/(DEFICIENCY)</b>			<u>(570,937.05)</u>

Please note that the statement of affairs has been estimated by the Joint Administrators based on information coming to light since their appointment. The directors have failed to submit a statement of affairs to the Joint Administrators

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## DIRECTORS' STATEMENT OF AFFAIRS

### Notes to the Directors' Statement of Affairs

- 1 The Company's goodwill is subject to fixed charges granted in favour of Natwest and Alfandari. Both of the secured also have a floating charge. Natwest's security takes priority as it was created prior to Alfandari's debenture and contains a negative pledge clause.
2. The Company's assets have been professionally valued by Breal who valued the Company's assets on an in-situ and ex-situ basis. The estimated to realise amount reflects the agreed consideration with Biodiesel (NW) Limited
3. The claims of the Department for Business, Energy and Industrial Strategy represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential
- 4 Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000)

We will not be required to set aside the prescribed part of net property if:

- a The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit,
  - b. Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds
5. The claim of HM Revenue & Customs represents PAYE, NIC and VAT.
  - 6 The indebtedness to Natwest is supported by a personal guarantee from Paul Fullerton as detailed above.
  7. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed
  - 8 The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs

**Begbies Traynor (Central) LLP**  
**Fuller-Fuel Ltd**  
**B - Company Creditors**

Key	Name	Address	£
CA00	AL Bio	Technical Centre , Topley House, Office Suite, 52Walsh Lane, Bury, BL9 6AS	1,428.00
CA01	Andy Stockton Autocare	Unit 26 Heron Business Park, Widnes, WA8 0SW	254.00
CA02	Aifandari Private Equities Limited	9 Osier Way, Olney Business Park, Olney, MK46 5FP	71,000.00
CB00	Boost Capital	3rd Floor Carlton House, 101 New London Road, Chelmsford, Essex, CM2 0PP	1,179.00
CB01	BT	Correspondence Centre, Durham, DH98 1BT	346.00
CC00	Close Brothers	Wimbleton Bridge House, 1 Hatfield Road, London, SW19 3RU	4,709.00
CC01	Chain Bid Ltd c/o Mason Partners	Corn Exchange Building, 19 Brunswick Street, Liverpool, L2 0PJ	1.00
CC02	Capital On Tap	Westbourne Studios, 242 Acklam Road, London, W10 5JJ	6,250.00
CC03	Mitchell Charlesworth	Glebe Business Park, Lunts Heath Road, Widnes, WA8 5SQ	3,133.00
CC04	CSA		291.00
CE00	Employee Claims (x8)		22,266.37
CF00	Paul Fullerton	77 Upton Rocks, Widnes, WA8 9DA	112,000.00
CF01	Fleximize	Gone away - unable to find address on internet	58,452.00
CF02	Funding Circle	c/o Begbies Traynor, 31st Floor, 40 Bank Street, London, E14 5NR	90,308.00
CH00	HGT Estates Ltd	PO Box 46, Chorley, PR7 1NY	1.00
CH01	Haltom MBC	PO Box 223, Widnes, WA8 2DA	10,485.00
CH02	HIMRC	Enforcement & Insolvency Services (EIS) , Worthing, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	4,954.00
CI00	Iwoca	6 Red Lion Square, London, WC1R 4AG	34,804.00
CL00	Lombard	PO Box 520, Rotherham, S63 3BR	4,000.00
CL01	Lombard	PO Box 520, Rotherham, S63 3BR	11,881.00
CM00	MBFIN SOY		449.00
CM01	Mercedes Benz	Tongwell, Milton Keynes, MK15 8BA	449.00
CM02	Metal Profiling	Unit 19 Heron Business Park, Widnes, WA8 0SW	55.00
CN00	Northern Trust Co Ltd c/o Whittle Jone	PO Box 46, Chorley, PR7 1NY	1.00
CN01	Northern Trust Co Ltd c/o Whittle Jone	PO Box 46, Chorley, PR7 1NY	1.00
CN02	Network Space Ltd	Centrix House, Crow Lane East, Newton le Willows, WA12 9UJ	3,440.68
CN03	National Westminster Bank	Debt Management Operations, PO Box 16337, 7 Brindley Place, Birmingham, B2 2YH	109,216.00
CO00	Olenex	A One Business Centre , La Piece 3, 1180 Rolle, Switzerland	27,216.00
CS00	Salford City Council	Customer Services , Finance and Corporate Business, Salford Civic Centre, Chorley Road, Swinton, M27 5AW	5,094.00

*PE Fuel*

Signature

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**Begbies Traynor (Central) LLP**  
**Fuller-Fuel Ltd**  
**B - Company Creditors**

Key	Name	Address	£
CS01	Sefton MBC	PO Box 21, Bootle, Merseyside, L20 3US	2,254.00
CS02	Streamline	Arthur House, 41 Arthur Street, Belfast, BT1 4GB	143.00
CS03	St Helens Council	Wesley House, Corporation Street, St Helens, WA10 1HF	4,354.00
CT00	TLT Solicitors (Counsel)	3 Hardman Square, Manchester, M3 3EB	6,000.00
CT01	TLT Solicitors	3 Hardman Square, Manchester, M3 3EB	4,800.00
CU00	United Utilities	Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, WA5 3LP	3,558.00
CW00	Wirral BC	PO Box 290, Wallasey, CH27 9FQ	1,064.00
<b>36 Entries Totalling</b>			<b>605,837.05</b>

Signature PB Fullote

## REMUNERATION AND EXPENSES

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Total time spent to 15 June 2017 on this assignment amounts to 27.3 hours at an average composite rate of £236.06 per hour resulting in total time costs to 15 June 2017 of £236.06

To assist creditors in determining this matter, the following further information appears in this appendix:

- ☐ Begbies Traynor (Central) LLP's charging policy.
- ☐ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis.
- ☐ Narrative summary of time costs incurred.
- ☐ Table of time spent and charge-out value.
- ☐ The Administrators' fees estimate.
- ☐ Details of the expenses that the Administrators consider will be, or are likely to be, incurred.

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2015' which provides guidance on creditors' rights can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

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## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>2</sup> indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Car mileage is charged at the rate of 45 pence per mile.
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

*Expenses which should be treated as Category 2 disbursements (approval required)* – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

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<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>2</sup> Ibid 1

**Services provided by other entities within the Begbies Traynor group**

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

Eddisons Commercial Ltd may be instructed to provide valuation services and to dispose of the Company's assets. They charged £750 plus disbursements plus VAT for completing the valuation report. They also charge 10% of realisations plus disbursements plus VAT for disposing the Company's assets.

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

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

Instruction of Eddisons Insurance Services Limited to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The costs of insurance cover for quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Eddisons Insurance Services Limited is not paid from the assets of the estate for the services it provides. In accordance with standard insurance industry practice, Eddisons Insurance Services Limited will receive payment of commission for the services it provides directly from the open cover insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

Instruction of BTG Asset Investigations to provide wealth reports if further information is required following our investigations into the Company's affairs. Their charges will be £750 per wealth report. Please note that we do not intend to instruct this party as we are not aware of any wrongdoing by the director.

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

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

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property)



are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

Please note that we do not propose to instruct Eddisons Commercial Limited meaning that we do not expect to incur this cost. However, details of this charge have been included in case any assets come to light following our appointment.

#### **BEGBIES TRAYNOR CHARGE-OUT RATES**

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

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour) 1 May 2011 – until further notice</b>
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	60 - 110

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

Time is recorded in 6 minute units.

## **PRE ADMINISTRATION TIME COSTS SUMMARY**

CASE NAME: Fuller-Fuel Ltd

CASE TYPE: ADMINISTRATION

OFFICE HOLDERS: Julie Anne Palmer AND Sally Richards

DATE OF APPOINTMENT: 27 April 2017

### **1 CASE OVERVIEW**

- 1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

#### **1.2 Time costs information**

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals.

#### **1.3 Overview of work undertaken prior to appointment**

Please see Section 9 of the Proposals for information on work completed prior to our appointment as Joint Administrators.

#### **1.4 Complexity of work undertaken prior to appointment**

There were no unusual complexities to the work completed prior to our appointment.

#### **1.5 Exceptional responsibilities**

There were no exceptional responsibilities

#### **1.6 The proposed Administrators' effectiveness**

The proposed Administrators successfully marketed the business and assets and tested the market to maximise asset realisations on behalf of creditors as detailed in the Proposals

#### **1.6 The views of the creditors**

We provided regular updates to the secured creditors on the marketing process in relation to the sale of the Company's business and assets

#### **1.7 Approval of fees, expenses and disbursements incurred in the period prior to appointment**

The Administrators are seeking a resolution in relation to their pre-administration costs as follows

"that the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment".

#### **1.8 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group**

We have not incurred any Category 2 disbursements

1.9 **Other professionals employed & their costs**

Harrison Clark Rickerbys ("Harrison Clark") were instructed as our legal advisors on a time costs basis. Harrison Clark have significant experience in dealing with insolvency matters. They assisted with the appointment process, the sale of business and assets and debenture over the purchaser.

Breal Asset Valuation ("Breal") were instructed to value the Company's business and assets. Breal have experience in valuing insolvent assets and have a database of potentially interested parties.

Staff Grade		Consultant/ Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	Administration	3.4	0.2		8.0				7.0		18.60	4,302.00	231.29
	Case planning												
Assets	Negotiation of sale of business +/- assets		0.4		5.5						5.90	1,595.50	270.42
	Other creditors												
Creditors	Secured - correspondence and meetings												
	Meetings and correspondence with directors			0.1							0.10	31.00	310.00
Other Matters	Travel												
Total hours by staff grade		3.4	0.6	0.1	13.5				7.0		24.6		
Total time cost by staff grade £		1,343.00	207.00	31.00	3,577.50				770.00			5,928.50	
Average hourly rate £		395.00	345.00	310.00	265.00				110.00				241.00
Total fees drawn to date £												0.00	

## Fuller-Fuel Ltd

### SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case

**What work has been done since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?**

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached.

#### General case administration and planning

Time recorded under this category included.

- Preparing documents and dealing with the formalities of our appointment.
- Filing.
- Dealing with general calls
- Dealing with routine correspondence and emails.
- Maintaining physical case files and electronic records
- Opening and maintaining the liquidators' bank account.
- Case planning and devising a case strategy.

The majority of the above work derived no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case.

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

Time recorded under this category included

- Statutory advertising.
- Undertaking statutory notifications to Companies House and the creditors.
- Calculating the required bond and conducting bond reviews
- Preparing statutory reports and returns.
- Completing the SIP16 report as a result of the pre-pack administration.

The majority of the above work derived no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case.

All of the work in the category is required under the Insolvency Act and Rules

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

Time recorded under this category included.

- Responding to creditor queries.
- Responding to employees and providing them with details of how to claim from the Redundancy Payments Office for arrears of pay, holiday pay, payment in lieu of notice and redundancy pay.
- Corresponding with the landlords and finance/hire purchase assets

This work will derive no financial benefit for creditors as we do not expect to distribute any funds to unsecured creditors due to insufficient asset realisations. However, best practice means that we should respond to creditor queries in a timely manner.

### **Time Costs Analysis**

An analysis of time costs is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

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

### **Why have subcontractors been used?**

No subcontractors have been instructed to date.

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

### General case administration and planning

The following work is likely to be completed:

- Filing.
- Dealing with general calls.
- Dealing with routine correspondence and emails.
- Maintaining physical case files and electronic records.
- Maintaining the administrators' bank account.
- Case planning and devising a case strategy.
- Maintaining the joint administrators' electronic records.

The above work will derive no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case.

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

The following work is likely to be completed:

- Undertaking statutory notifications to Companies House and the creditors.
- Conducting bond reviews.
- Preparing statutory reports and returns.
- Completing case reviews.
- Obtaining fee approval from relevant parties.

The above work will derive no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case.

All of the work in the category is required under the Insolvency Act and Rules

#### Investigations

The following work is likely to be completed.

- Reviewing/reviewing the Company's records to ascertain the Company's assets and liabilities in accordance with SIP 2.
- Reviewing the Company's records to determine whether there are any claims against connected or third parties for preference payments, misfeasance and transactions at undervalue etc. Note that this is standard practice in all insolvencies and does not suggest any wrongdoing by the director.
- Reporting to the Insolvency Service on the director's conduct within three months of our appointment.

The above work will derive no financial benefit for creditors as there are insufficient assets to enable a distribution to any class of creditor. However, we have a statutory duty to report to the Insolvency Service on the director's conduct.

#### Realisation of assets

The following work is likely to be completed

- Collecting the deferred consideration from Biodiesel (NW) Limited

The above work will derive no financial benefit for creditors as there are insufficient assets to enable a distribution to any class of creditor. However, we have a statutory duty to report to the Insolvency Service on the director's conduct.

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

The following work is likely to be completed

- Dealing with creditor correspondence, emails and telephone conversations
- Responding to employee queries.
- Responding to creditor queries in a timely manner.
- Corresponding with the secured creditors.

The above work will derive no financial benefit for creditors as there are insufficient assets to enable a distribution to any class of creditor. However, best practice means that we should respond to creditor queries in a timely manner.

#### Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

The following work is likely to be completed.

The following work is likely to be completed.

- Writing to HMRC requesting for the Company to be deregistered from VAT
- Completing VAT returns.
- Completing corporation tax returns.

- Requesting clearance from HMRC.

**How much will this further work cost?**

We estimate that the costs of completing the above work will be £32,152.40 which represents 169 70 hours at an average hourly rate of £189 47 as detailed in appendix 3

**Expenses**

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses as set out in the "Creditor Information Pack".



Staff Grade	Consultant/Partner	Director	Snr Mgr	Mngr	Asst Mgr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning											0.00
	Administration							12.7	0.5	13.2	1,452.00	110.00
	<b>Total for General Case Administration and Planning:</b>							<b>12.7</b>	<b>0.5</b>	<b>13.2</b>	<b>1,452.00</b>	<b>110.00</b>
	Appointment	0.3								0.3	103.50	345.00
Compliance with the Insolvency Act, Rules and best practice	Banking and Bonding								1.2	1.2	132.00	110.00
	Case Closure											0.00
	Statutory reporting and statement of affairs	10.6								11.1	4,359.50	392.75
	<b>Total for Compliance with the Insolvency Act, Rules and best practice:</b>	<b>10.6</b>							<b>1.2</b>	<b>12.6</b>	<b>4,595.00</b>	<b>364.68</b>
Investigations	CDDA and investigations											0.00
	<b>Total for Investigations:</b>											<b>0.00</b>
	Debt collection											0.00
	Property, business and asset sales											0.00
Realisation of assets	Retention of Title/Third party assets											0.00
	<b>Total for Realisation of assets:</b>											<b>0.00</b>
	Trading											0.00
	<b>Total for Trading:</b>											<b>0.00</b>
Dealing with all creditors claims (including employees), correspondence and distributions	Secured											0.00
	Others			1.5						1.5	397.50	265.00
	Creditors committee											0.00
	<b>Total for Dealing with all creditors claims (including employees), correspondence and distributions:</b>			<b>1.5</b>						<b>1.5</b>	<b>397.50</b>	<b>265.00</b>
Other matters which includes meetings, tax, litigation, pensions and travel	Meetings											0.00
	Other											0.00
	Tax											0.00
	Litigation											0.00
	<b>Total for Other matters:</b>											<b>0.00</b>
	Total hours by staff grade	10.6		1.5				12.7	1.7	27.3		
	Total time cost by staff grade	4,187.00		397.50				1,397.00	187.00		6,444.50	
	Average hourly rate £	395.00		265.00				110.00	110.00			236.06
Total fees drawn to date £											0.00	

## FULLER-FUEL LTD

## THE ADMINISTRATORS' FEES ESTIMATE

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	40.5	6,266.40	154.73
Compliance with the Insolvency Act, Rules and best practice	63.1	11,315.90	179.05
Investigations	7.7	1,548.60	201.12
Realisation of assets	8.2	1,624.50	198.11
Dealing with all creditors' claims (including employees), correspondence and distributions	21.1	4,238.10	200.86
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), meetings, tax, litigation, pensions and travel	29.0	7,158.90	246.86
<b>Total hours</b>	<b>169.7</b>		
<b>Total time costs</b>		<b>32,152.40</b>	
<b>Overall average hourly rate £</b>			<b>189.47</b>

Although the fees estimate indicates that the total time costs for this matter will be £32,152.40, we are aware that there are limited assets to realise and so the time costs that we will be able to draw will be limited to the amount that is realised for the assets. However, please note that should there be additional or unexpected asset realisations, we will look to draw our fees from those too.

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>

Dated: 15 June 2016

## FULLER-FUEL LTD

**DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY  
TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION**

<b>No.</b>	<b>Type of expense</b>	<b>Description</b>	<b>Estimate £</b>
1	Advertisements	Of appointment.	75 00
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	40 00
3	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity	Nil
4	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain her working papers to allow any queries or issues raised to be dealt with	35.00
5.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	686.50

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration

## SIP 16 STATEMENT

### INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 2 MAY 2017

#### Background Information

The Company was incorporated on 5 May 2011 and revenue grew to £1.1m by March 2015. Originally Paul Fullerton was the sole director although Christopher Trehwitt and Leslie Johnson were appointed as directors on 2 November 2016. Companies House shows that the three directors are also shareholders of the Company.

The Company traded as a producer and retailer of biodiesel for use in motor vehicles from five leasehold properties with seven staff. The production process was completed at the Widnes site with all sites offering retail services. The Company sold its product to the general public and there were no trade accounts.

Extracts from the Company's profit and loss account report the following:

	<b>Year Ended 31.3.2016 £</b>	<b>Year Ended 31.3.15 £</b>	<b>Year Ended 31.3.14 £</b>
Turnover	-	1,104,328	718,576
Cost of sales	-	(910,629)	(608,179)
Gross profit	-	193,699	110,397
Operating profit/loss	-	12,258	(9,972)

Please note that we have been unable to provide any information on the profit and loss account for the year ended 31 November 2016 as we have only been provided with the abbreviated accounts.

Extracts from the Company's balance sheet report the following:

	<b>Year Ended 30.11.2016 £</b>	<b>Year Ended 30.11.2015 £</b>
Tangible Assets	95,085	93,149
Stock	65,820	228,250
Debtors	83,571	17,826
Cash at bank	48	5,550
Creditors following due within one year	(364,122)	(116,777)
Net liabilities	(214,682)	134,799

#### The reasons for the Company's insolvency

The Company began to experience financial difficulties as a result of the falling oil prices which has adversely affected cashflow. The fall in oil price resulted in the price of petrol and diesel also decreasing at petrol stations.

The price charged by the Company for biofuel was linked to the price of fuel at a petrol station and was sold at a rate of 10p cheaper than the leading supermarket's petrol costs. This in turn reduced the Company's net profit margin and resulted in difficulties in covering finance costs as the Company was highly geared.

The Company was insolvent on a cashflow basis as the Company was unable to pay its debts as and when they fell due. For example, the Company was in arrears in relation to rent on the leasehold properties and the finance agreement with Alfandari Private Equities Limited.

Furthermore, the Company was insolvent on a balance sheet basis as its liabilities exceeded its assets resulting in negative net assets of £214,682 as detailed above.

#### **The reasons for the pre-packaged sale**

A pre-packaged sale via administration allowed the insolvent, but potentially profit-making business to escape the burden of historic debts. The insolvent Company was valueless within its present corporate structure given the rent liabilities as a result of having too many trading locations.

A sale using the moratorium afforded by the administration gave the potential for maximising returns to creditors in order of priority. The marketing strategy detailed below demonstrates that we maximised asset realisations on behalf of creditors.

We also considered other options available to the Company such as a trading administration and creditors' voluntary liquidation as detailed below. However, neither of these options would have maximised the asset realisations for creditors. There were insufficient funds to trade the Company in administration and we were concerned about the potential environmental costs of trading a business of this nature. For these reasons we proceeded with a pre-packaged sale.

As a result of the pre-packaged administration the Company's employees automatically transferred to Biodiesel (NW) Limited (company number 10707113) under the Transfer of Undertakings (Protection of Employment) regulations. This resulted in us mitigating additional claims against the Company in relation to redundancy pay and payment in lieu of notice.

#### **The statutory purpose of administration that was pursued**

It was not reasonably practical to rescue the Company as a going concern. Therefore, when completing the pre-packaged sale of the Company's business and assets we hoped to achieve the statutory objective of achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration).

The sale enabled the statutory purpose to be achieved as i) the sale price was greater than both the in-situ and ex-situ amount as detailed below and ii) the employees transferred to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 1981. This resulted in lower creditor claims as it mitigated the employees' claims for redundancy pay and payment in lieu of notice.

For the reasons set out within this report the sale price achieved was the best we could reasonably obtain given the Company's asset position.

#### **FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE**

##### **Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?**

The Company was introduced to Julie Palmer of Begbies Traynor (Central) by Phil Clark of Oakdale Insolvency Ltd who previously advised the Company on its options.

Julie Palmer was first contacted on 24 March 2017 and our engagement letter was issued on 26 March 2017.

**What was the extent of Julie Anne Palmer and Sally Richards, their associates and Begbies Traynor (Central) LLP's involvement with the Company before appointment?**

The proposed administrators were contacted by Phil Clark of Oakdale Insolvency Ltd and Paul Fullerton who is a director/shareholder of the Company on 24 March 2017.

Julie Palmer and Sally Richards had no prior involvement with the Company and there is no significant professional or personal relationship with anyone connected to the entity

A conflict check was also sent round Begbies Traynor Group to ascertain whether anyone within the group had a significant professional or personal relationship. I confirm that there were no positive responses.

Therefore, both Julie Palmer and Sally Richards are complying with their Recognised Professional Body's ethical code and in accordance with fundamental principles detailed in SIP 1.

Prior to their appointment the proposed administrators advised the Company and not the directors on their personal position, the directors were encouraged to take independent advice.

Please note that negotiations with the purchaser in relation to the pre-packaged sale were conducted by Julie Anne Palmer and Sally Richards prior to their formal appointment as administrators and not by the directors of the Company. It was made clear to the directors that once Julie Anne Palmer and Sally Richards were appointed as administrators that their responsibilities would be to act in the best interests of the Company's creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the administrators.

**Was the business or were the assets of the Company acquired from an insolvency practitioner prior to this pre-packaged sale?**

The business/assets of the Company were not acquired from an insolvency practitioner prior to this pre-packaged sale.

**Details of the marketing of the business and assets of the Company that were undertaken prior to the pre-packaged sale**

We instructed Breal Asset Valuation Limited ("Breal") to value the business and assets and market them to potentially interested parties. We understand that the Company did not market the business and assets prior to our involvement

To ensure that we were marketing the business and assets to the widest possible parties to elicit interest we circulated a teaser document detailing critical company information to 4,834 individuals and companies specialising in the acquisitions of distressed businesses and assets. Furthermore, the business was advertised for sale on Breal's website. This work was completed to ensure that we tested the market as fully as possible to maximise asset realisations on behalf of creditors.

The marketing campaign attracted two interested parties in addition to Biodiesel (NW) Ltd who were already interested. However, after Breal provided further details of the assets to the non-connected parties there were no requests for further information and no non-disclosure agreements were issued

Breal advised that they did not feel that there was any merit in undertaking a further marketing campaign as it may negatively affect the value of the business given that the business had virtually ceased trading, halted production and was turning customers away.

### **What valuations of the Company's undertaking and assets were obtained?**

We instructed Breal to value the Company's business and assets. Breal have significant experience in dealing with insolvency matters. Breal are a member of RICS and have the necessary professional indemnity insurance.

Breal's valuation report dated 29 March 2017 stated the following:

<b><u>Categories of Assets</u></b>	<b><u>Valuation £ (going concern basis)</u></b>	<b><u>Valuation £ (break-up basis)</u></b>
Office Furniture & Equipment	3,425.00	1,250.00
Plant & Machinery	27,575.00	5,300.00
Motor Vehicles	4,250.00	3,750.00
Goodwill and any other assets such as intellectual property	10,000.00	5,000.00
<b>Total</b>	<b>45,250</b>	<b>15,300</b>

Breal valued the Company's goodwill based on normalised EBITDA over a three year period. However, Breal explained that due to the nature of the Company's activities then the goodwill/intellectual property valuation would be speculative and would be of limited value to any third party purchaser.

Furthermore, a number of key assets were on finance with Alfandari Private Equities Limited and they would need to be willing to novate their agreement to any new entity which potentially reduced the level of interest in the business.

### **What security (if any) has the Company provided to its creditors?**

Companies House shows that the following charges have been registered over the Company:

1. A debenture in favour of Alfandari Private Equities Limited created on 13 December 2016.
2. A debenture in favour of National Westminster bank plc created on 15 December 2015. We understand that the bank's debt consisted of i) loans of c £109k and bridging finance of c.£29k. Furthermore, we understand that the bank have a charge over a property owned by Paul Fullerton's relative.

### **What alternative courses of action were considered by Julie Anne Palmer and Sally Richards?**

We reviewed various options available to the Company during the pre-appointment period and concluded

1. Further investment was not a viable option for the following reasons
  - a. Current management/owners had no further personal funds to invest in the business
  - b. The Company had no further assets to offer security against
  - c. It was felt that third parties would not be interested in investing in the Company given the size of claims against the Company
2. A trading administration was not a viable option for the following reasons
  - a. There was no guarantee that trading in administration would increase the value of the goodwill or assets.
  - b. Professional fees for trading in administrations were likely to be significantly higher.

- c. Staff morale was low and this needs to be resolved as soon as possible
- d. Working capital funding was not available
- e. Concerns about the environmental risk and potential costs of trading a business of trading activity

3 Creditors' voluntary liquidation was not the best result for creditors for the following reasons

- a. The ex-situ market values of the assets are less than the in-situ value and the sale price we obtained. Furthermore, the costs of realising the assets
- b. There would be a time delay in appointing a liquidator and it does not provide the Company with the same level of protection from creditors.
- c. The costs of disposing of the assets were likely to be material if a sale had not been agreed.
- d. There may have been potential environmental issues and claims if the trading sites had to be cleared and waste assets disposed of

**Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?**

It was not appropriate to trade the business in administration given the lack of finance available given the Company's operating costs for rent and staff

Furthermore, the administrators could not recommend to any potential funder that there would be a benefit in funding a trading administration due to level of professional fees that would be incurred

The administrators were also concerned about the environmental risk and potential costs of trading a business of trading activity.

**What requests were made to potential funders to fund working capital requirements during the administration?**

No requests were made to any potential funders given the quantum of creditor claims. In addition, both the Company and director were unable to offer any further security.

**What efforts were made to consult major creditors?**

The Joint Administrators wrote to both Alfandari Private Equities Limited and National Westminster Bank plc of their involvement prior to the date of the administration. Furthermore, the Joint Administrators explained the marketing activities completed to demonstrate that best value was obtained for the Company's business and assets

Paul Fullerton was also one of largest creditors in relation to loans he put into the Company totalling £112,573 as at 30 November 2016.

**What was the date of the transaction?**

2 May 2017

**What were the assets sold and what was the nature of the transaction?**

The Company's business and assets were sold to Biodiesel (NW) Limited and included any interest the joint administrators had in any assets excluding book debts, third party assets, any cash at bank or insurance claims and any ROT assets.

**What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?**



Biodiesel (NW) Limited offered £35,000 for the Company's business and assets with £4,666.66 payable within 14 days of completion followed by £3,370.38 due on or before the last day of each month for the next nine months

<u>Categories of Assets</u>	<u>Valuation (going concern basis)£</u>	<u>Valuation (break-up basis) £</u>	<u>Sum realised £</u>	<u>Fixed or Floating charge realisation</u>
Office Furniture & Equipment	3,425 00	1,250 00	2,859.10	Floating
Plant & Machinery	27,575.00	5,300 00	12,122 60	Floating
Motor Vehicles	4,250 00	3,750.00	8,577.31	Floating
Goodwill and any other assets such as intellectual property	10,000 00	5,000 00	11,440 99	Fixed
<b>Total</b>	<b>45,250.00</b>	<b>15,300.00</b>	<b>35,000.00</b>	<b>-</b>

The consideration of £35,000 has been secured via a debenture over Biodiesel (NW) Limited (10707113) and a personal guarantee from Paul Fullerton.

Breal stated that the offer is slightly below the in-situ valuation but it considerably exceeds the break-up valuation. Furthermore, our agent explained that the costs of disposing of the assets were likely to be material if a sale had not been agreed

**Is the sale part of a wider transaction? If so a description of the other aspects of the transaction**

No.

**Who was the purchaser?**

Biodiesel (NW) Limited (10707113)

**Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates?**

From information obtained at Companies House we understand that Paul Fullerton is the sole director and shareholder of Biodiesel (NW) Limited

**Are any directors, or former directors, of the Company or their associates involved in the management, financing or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?**

From information obtained at Companies House the joint administrators understand that Paul Fullerton of the Company is the sole director and shareholder of Biodiesel (NW) Limited.

**The pre-pack pool**

The pre-pack pool has not been approached by the purchaser despite explaining the potential advantages and greater stakeholder confidence

**The purchaser's viability statement**

As the pre-pack pool was not approached a viability statement was not prepared by the purchaser

**Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?**

We understand that the director has personally guaranteed both Alfandari Private Equities Limited and National Westminster Bank plc

Furthermore, we understand that Alfandari Private Equities Limited have agreed an arrangement with Biodiesel (NW) Limited for continued use of the leased assets. We are not aware of any involvement of National Westminster Bank plc in Biodiesel (NW) Limited

**What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?**

The Joint Administrators obtained both a debenture against the purchaser and a personal guarantee from Paul Fullerton for the total consideration of £35,000 00.