

Freepower Limited – in Creditors’ Voluntary Liquidation (formerly in Administration) (“the Company”)

FIRST ANNUAL REPORT OF THE LIQUIDATOR TO CREDITORS AND MEMBERS OF THE ABOVE COMPANY PURSUANT TO SECTION 92A OF THE INSOLVENCY ACT 1986.

1. Statutory Information

Registered Office: 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP

Trading Address: 56 Reith Way, West Portway Industrial Estate, Andover, SP10 3TY

Company Number: 03959126

Liquidator: Peter Hall (IP No. 3966) of 2 Venture Road, Science Park, Chilworth, Southampton, SO16 7NP

2. Introduction

I refer to my appointment as Liquidator of the above named company on 20 March 2012 and hereby submit my report regarding the conduct of the liquidation for the period from the date of my appointment on 20 March 2012 to the 19 March 2013, being the first anniversary of the liquidation, in accordance with the Insolvency Act 1986 and the Insolvency Rules.

I last wrote to you with my final report as administrator of the Company, where I had stated my intention to put a proposal for a CVA forward to creditors in the liquidation. The CVA route would have required the cooperation of the directors, which has been withdrawn. Furthermore, the administration could not continue without being extended.

It is still my intention to continue to realise the maximum possible for the assets of the Company and therefore the creditors of the Company.

3. Assets of the Company

3.1. Receipts and Payments Account

A receipts and payments account for the period and in total is attached at Appendix A. There have been no realisations in the liquidation during the period.

3.2. Assets – Physical

A substantial sum has been spent by the Company on the physical assets of the company. Unfortunately, the cost of removing the larger assets will not be small, with the result that realisation of physical assets is likely to short of the expenses of the liquidation and outstanding administration expenses. Therefore, a break up of the business is not likely to achieve anything for the creditors.

The directors previously advised that the stock of components on site at the date of the my appointment was supplied on a reservation of title or free issue basis. If this is the case, it is not available to me to realise. My valuer, when he visited the premises did not advise that the stock had a substantial value.

3.3. Assets – Intellectual Property

There is considerable doubt over the ownership of the patents covering the product. A director, Mym Simcock claims to have title to at least some of the patents. However, I have seen evidence that contradicts this. Mym Simcock previously advised me that she has personally renewed the patents at her own expenses for the last three years.

4. Investigations

In accordance with the Company Directors Disqualification Act 1986, a report on the conduct of the directors has been submitted to the Insolvency Service. As this is a confidential report I am unable to disclose its content.

5. Creditors Claims

5.1. Prescribed Part

Under the provisions of Section 176A of the Insolvency Act 1986 the liquidator must state the amount of funds available to unsecured creditors in respect of the prescribed part.

The Company has a charge dated 25 September 2009 and registered on 1 October 2009 in favour of National Westminster Bank Plc. I am unable to provide an estimate in respect of the prescribed part at this time as I am unable to put a value on the realisations that may become available to the floating charge holder.

5.2. Secured Creditors

The amount due to National Westminster Bank Plc of £86,000 is secured by its debenture dated 25 September 2009.

No steps have been taken to agree any class of creditor claims at this time.

5.3. Preferential Creditors

The Redundancy Payments Office (“RPO”) have a preferential claim in so far as they have met the preferential claims of the employees. The employees will also have preferential claims in respect of their preferential entitlement over and above that paid by the RPO.

5.4. Unsecured Creditors

Unsecured creditors claims of £6,859,225.61 have been received to date.

6. Costs and Expenses

Advertising costs incurred during the period in the sum of £76.50 plus VAT have been met by my firm. There are insufficient funds in the liquidation to meet this expense.

There have been no payments made from the liquidation during the period.

Should you require any further explanation about these expenses please contact my colleague Adam McSweeney in the first instance.

7. Liquidator's Remuneration

7.1. Basis of Remuneration

As the former administrator of the Company, my fees as administrator were approved on 7 June 2011 by creditors by reference to the time properly given by me and my staff in attending to matters arising in the Administration on a time cost basis plus disbursements and VAT.

The basis of the Administrators remuneration is carried forward to the liquidation under Rule 4.127(5A) of the Insolvency Rules 1986.

7.2. Remuneration

Attached at Appendix B is a breakdown of the time costs incurred during the period of this report. You will note that my firm has spent 52 hours dealing with matters arising during this period, incurring total chargeable costs of £11,542 which provides an average hourly charge out rate of £221.96. I have not drawn any remuneration on account of this sum during the period.

7.3. Charge Out Rates and Expenses

A schedule of my firms charge out rates is attached as Appendix C. Examples of work done by my firm are attached as Appendix D.

7.4. Work Undertaken

These costs have been incurred in pursuing asset realisations, correspondence with shareholders, directors and creditors, liaison with agents and solicitors, cashiering duties, and general administration including compliance with statutory matters.

7.5. Creditors' Rights to Request Further Information

Creditors and members have a right to request further information in respect of Liquidator's remuneration and expenses in accordance with Rule 4.49E of the Insolvency Rules 1986.

Should any secured creditor or unsecured creditor with the agreement of at least 5% in value of unsecured creditors require any further information about the Liquidator's remuneration or

expenses please write to me within 21 days of receipt of this report stating the information required.

7.6. Creditors' Rights to Challenge Remuneration and/or Expenses

Creditors have the right to challenge the amounts drawn under Rule 4.131.

If a creditor believes that the remuneration charged by the liquidator is too high, the basis of his remuneration is inappropriate, or the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to court.

Application may be made to the court by any secured creditor or unsecured creditor with the agreement of at least 10% in value of the creditors (including that creditor) or with permission of the court.

Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported.

A Creditors' Guide to Liquidators fees may be found on the website <http://peterhall.org.uk/pdfs/CVLFeeGuide.pdf>.

Should you require a hard copy please do not hesitate to contact my colleague Adam McSweeney at this office.

Conclusion

The matters remaining in the liquidation are:

- No assets have yet been realised. As previously stated, a CVA is no longer an option to realise the Company's assets. It is still my intention to continue to realise the maximum possible for the assets of the Company and therefore the creditors of the Company.
- Once the assets have been realised; make distributions to the preferential and secured creditors; agree unsecured creditors claims, and calculate and distribute the prescribed part to unsecured creditors.

Should you have any queries regarding this report please do not hesitate to contact my colleague Adam McSweeney at this office.

Dated this day: 17 May 2013

A handwritten signature in black ink, appearing to read 'Peter Hall', with a horizontal line extending to the right.

Peter Hall
Liquidator