

Peter Hall

Independent Business and Insolvency Advice

**Second Progress Report to Members & Creditors
Pursuant to Section 92A of the Insolvency Act 1986**

16 May 2014

**Freepower Limited in
Creditors' Voluntary Liquidation
(Formerly in Administration)**

Statutory Information

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

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

Date of Appointment 20 March 2012

Liquidator Peter Hall (IP No. 3966)

Address Peter Hall Limited
2 Venture Road
Science Park
Chilworth
Southampton
SO16 7NP

Introduction

1. 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 20 March 2013 to 19 March 2014, being second anniversary of the liquidation, in accordance with the Insolvency Act 1986 and the Insolvency Rules.

Assets of the Company

Receipts and Payments Account

2. 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.

Assets - Physical

- 2.1. 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 fall 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.
- 2.2. I have approached a connected Company, of which Mym Symcock is a director, regarding purchasing the assets as a whole in order to maximise realisations.
- 2.3. The directors previously advised that the stock of components on site at the date of 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.

Assets – Intellectual Property

- 2.4. 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 he patents at her own expense for the last three years.

Investigations

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

Creditors Claims

Secured Creditors

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

Prescribed Part

5. 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.
6. 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.

Preferential Creditors

7. 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.

Unsecured Creditors

8. Unsecured creditors claims of £7,003,709.08 have been received to date.

Liquidator’s Disbursements

Category 1 Disbursements

9. There have not been any Category 1 disbursements incurred or paid from the liquidation in this period.

Category 2 Disbursements

10. The Liquidator’s current disbursement policy is as follows:
 - 10.1. Mileage – this is reimbursed at 45p per mile.
 - 10.2. All other disbursements are reimbursed at cost.
11. There have not been any Category 2 disbursements incurred or paid from the liquidation in this period.
12. At a meeting of creditors held on 7 June 2011 the creditors resolved that the liquidator be authorised to draw on account without further reference to creditors his firm’s internal expenses, including photocopying, printing, facsimile, document storage and internal meeting room charge.

Liquidator’s Remuneration

Basis of Remuneration

13. 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.

14. The basis of the Administrators remuneration is carried forward to the liquidation under Rule 43127(5A) of the Insolvency Rules 1986.

Remuneration

15. Attached at Appendix B(i) is a breakdown of the time costs incurred during the period of this report. You will note that my firm has spent 35.40 hours dealing with matters arising during this period, incurring total chargeable costs of £6,600.50 which provides an average hourly charge out rate of £186.45.
16. Attached as Appendix B(ii) is a breakdown of the time costs incurred in total for the period 20 March 2012 to 19 March 2014.
17. You will note that my firm has spent 87.40 hours dealing with matters arising during the course of the liquidation, incurring total chargeable costs of £18,142.50 which provides an hourly charge out rate of £207.58. I have not drawn any remuneration on account of this sum.

Work Undertaken

18. 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.
19. It is the Liquidator's policy to delegate the routine administration of the Liquidation to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff of the firm and the Liquidator. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Liquidator.
20. In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. Peter Hall Limited reserves the right to change the rates and grade structure. Following the passing of the fee resolution on 7 June 2011 the charge out rates were increased on 1 December 2012 and 1 December 2013. Full details of the charge out rates charged to this case from this date are included at Appendix C.
21. Examples of work done by my firm are attached as Appendix D.

Creditors' Rights to Request Further Information

22. Creditors and members have a right to request further information in respect of the Liquidator's remuneration and expenses in accordance with Rule 4.49E of the Insolvency Rules 1986.
23. 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.

Creditors' Rights to Challenge Remuneration and/or Expenses

24. Creditors have the right to challenge the amounts drawn under Rule 4.131.
25. 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.
26. 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.
27. 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.
28. A Creditors' Guide to Liquidators fees may be found on the website <http://peterhall.org.uk/pdfs/CVLFeeGuide.pdf> .
29. Should you require a hard copy please do not hesitate to contact my colleague Adam McSweeney at this office.

Conclusion

30. The matters remaining in the liquidation are:
 - 30.1. No assets have yet been realised. I have approached a connected company to purchase the physical assets in order to realise the maximum possible for the assets of the Company and therefore the creditors of the Company.
 - 30.2. Once the assets have been realised: make distributions to the preferential and secured creditors, agree unsecured claims, and calculate and distribute the prescribed part to unsecured creditors.
31. Should you have any queries regarding this report please do not hesitate to contact my colleague Adam McSweeney at this office.

Dated this day: Friday, 16 May 2014

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

Peter Hall
Liquidator

Quality of Service

My firm places a high priority on client service and is keen to ensure that the quality of this is maintained. If at any time you would like to discuss with me how my firm's service to you could be improved, or if you are dissatisfied with the service you are receiving, please let me know by telephoning me. I undertake to look into any complaint carefully and promptly and to do all I can to explain the position to you. If I do not answer your complaint to your satisfaction, you may of course take up the matter with my regulatory body.

My Insolvency Practitioner Number is 3966. I am licensed by The Institute of Chartered Accountants in England and Wales. Complaints can be made to my regulatory body through the Insolvency Practitioner Complaints Gateway by visiting the website <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway> or by email, telephone or post using the contact details below:

Email: ip.complaints@insolvency.gsi.gov.uk

Telephone Number: 0845 6029848

Address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA.