

**Power by Britishvolt Limited  
(In Administration)**

Joint Administrators' fee estimate and details of expenses

13 March 2023

## **Power by BritishVolt Limited (In Administration) (“the Company”)**

### **Estimate of remuneration to be charged**

The Joint Administrators are seeking approval for their remuneration to be fixed on a time cost basis. In accordance with Rule 18.16(4) of the Insolvency (England and Wales) Rules 2016, they set out below their estimate of remuneration to be charged.

The estimate of remuneration is £3,444,850 plus VAT. An explanation of how this sum has been arrived at together with a breakdown of the expected costs is shown on the following pages.

Please note that the estimate of remuneration may not reflect what the Joint Administrators will actually be paid in respect of the Administration. The extent to which the Joint Administrators recoup these fees will be based on the level of asset realisations and obtaining agreement from creditors.

### **Explanation of the work proposed to be undertaken**

Where work is stated to be expected to provide a financial benefit to creditors, please refer to the section of the fee estimate which deals with the estimated outcome for creditors. At this stage in the Administration, it is not possible to quantify the estimated benefit more precisely.

<b>Category of work</b>	<b>Description of work to be completed</b>
Administration & planning	<b>Tasks providing an indirect benefit to creditors:-</b> <ul style="list-style-type: none"><li>Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost monitoring and reporting</li><li>Liaising with the Company’s bankers to secure the release of cash held in pre-appointment bank accounts</li><li>Monitoring internal systems and records in line with statutory requirements</li></ul>
Creditors	<b>Tasks providing a direct benefit to creditors and as required by statute:-</b> <ul style="list-style-type: none"><li>Receipt and recording of preferential and unsecured creditor claims</li><li>Correspondence with preferential and unsecured creditors</li><li>Adjudicating on claims from preferential creditors and processing distributions (as applicable)</li><li>Reviewing retention of title claims from creditors</li></ul>
Data preservation	<b>Tasks providing a direct and indirect benefit to creditors:-</b> <ul style="list-style-type: none"><li>Collection of equipment and imaging of books and records held on SharePoint sites, IT servers, mobile phones and laptops, by current and former employees of the Company</li></ul>
Employees	<b>Tasks providing a benefit to employees:-</b> <ul style="list-style-type: none"><li>Dealing with employees, including receipt and recording of employee claims</li><li>Processing January 2023 and February 2023 payroll for employees retained following appointment</li><li>Undertaking calls with senior management, retained employees and redundant employees</li><li>Writing to employees regarding their TUPE transfer to the Purchaser, or redundancy (as applicable)</li><li>Assisting redundant employees with any claims against the Redundancy Payments Office or the Company</li></ul>

	<ul style="list-style-type: none"> <li>Dealing with ad hoc employee enquiries</li> </ul>
Immediate tasks	<p><b>Tasks providing a direct and indirect benefit to creditors and required by statute:-</b></p> <ul style="list-style-type: none"> <li>Completion of workstreams requiring immediate attention following appointment, in order to execute the strategy outlined in the proposals</li> </ul>
Investigations & CDDA	<p><b>Tasks required by statute:-</b></p> <ul style="list-style-type: none"> <li>Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2: "Investigations by Office Holders"</li> <li>Making an online submission to the Director Conduct Reporting Service in accordance with the Company Directors Disqualification Act 1986</li> </ul>
Job acceptance and strategy	<p><b>Tasks providing a direct and indirect benefit to creditors:-</b></p> <ul style="list-style-type: none"> <li>Matters relating to the appointment, initial planning of the Administration strategy and formulating and executing the strategy adopted</li> </ul>
Legal issues	<p><b>Tasks providing a direct and indirect benefit to creditors:-</b></p> <ul style="list-style-type: none"> <li>Liaising with the Joint Administrators' appointed legal advisors (Dentons) in connection with the sale of the business and substantially all of the assets of the Company to the Purchaser and other workstreams, as required</li> <li>Dealing with any ad hoc legal issues which may arise in the Administration</li> </ul>
Other assets	<p><b>Tasks providing a direct benefit to creditors via asset realisations and preservation of assets:-</b></p> <ul style="list-style-type: none"> <li>Realising value from the Company's residual assets, including chattel assets and motor vehicles</li> <li>Dealing with all matters pertaining to the realisation of the Company's wholly owned subsidiaries</li> <li>Liaising with third party agents to collect IT equipment used by former employees from the Company's various sites and from former employees, with a view to realising those assets not included as part of the sale of the business and assets to the Purchaser</li> <li>Realising value from the Company's direct subsidiaries, including BV Properties Midlands Limited, which owns the Ashington property</li> </ul>
Property	<p><b>Tasks providing an indirect benefit to creditors:-</b></p> <ul style="list-style-type: none"> <li>Dealing with all matters relating to the Company's leasehold properties, including correspondence with landlords, security firms and utility suppliers</li> <li>Finalising matters in respect of the Company's lease relating to the industrial unit in Leamington Spa and other residual property matters</li> <li>Making arrangements for the exit of leasehold properties</li> </ul>
Public relations issues	<p><b>Tasks providing an indirect benefit to creditors:-</b></p> <ul style="list-style-type: none"> <li>Agreeing and issuing statements to the press, as required and dealing with enquiries from the media</li> </ul>
Reporting	<p><b>Tasks providing a direct benefit to creditors and as required by statute:-</b></p> <ul style="list-style-type: none"> <li>Preparing the Joint Administrators' statement of proposals, six monthly progress reports and final report</li> </ul>
Sale of business	<p><b>Tasks providing a direct benefit to creditors via asset realisations</b></p>

**and preservation of critical assets:-**

- Exploring and executing the sale of the business and majority of the assets of the Company, including execution of the sale to the Purchaser
- Carrying out the sales process in respect of the business and majority of the assets of the Company, including liaising with all interested parties, running the due diligence process, review of offers received, selection of the preferred bidder and negotiation of the sale agreement as outlined in the Joint Administrators' statement of proposals
- Finalisation of post-completion steps under the terms of the business sale agreement, including facilitation of the purchase of certain assets yet to be completed by the Purchaser and deferred consideration matters

Statutory duties	<b>Tasks required by statute:-</b> <ul style="list-style-type: none"><li>• Completion of statutory requirements of the Administration, including notifications to the creditors and members, advertising the appointment and filing documents at Companies House</li></ul>
Trading	<b>Tasks providing a direct benefit to creditors by preserving and realising value in the Company's assets:</b> <ul style="list-style-type: none"><li>• Engagement with critical suppliers, including provision of letters of undertaking and subsequent cancellation of undertakings</li><li>• Monitoring of trading and payments against the Administration cash flow forecast</li></ul>
VAT and taxation	<b>Tasks required by statute and possibly providing a direct and indirect benefit to creditors:-</b> <ul style="list-style-type: none"><li>• Filing of appointment notices with HM Revenue &amp; Customs</li><li>• Taxation matters in respect of the sale of the Company's business and assets</li><li>• Preparing corporation tax and VAT returns (pre and post-appointment), with input from EY VAT and tax specialists</li><li>• Assessment of the VAT and tax treatment of other transactions and agreements entered into during the Administration</li><li>• Preparing claims for VAT bad debt relief (as applicable)</li></ul>

## Details of expenses incurred and anticipated to be incurred

Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member. Expenses expected to be incurred total £1,446,877 plus VAT. A breakdown is provided below and on the following pages.

Category of expense	£ (ex. VAT)
Legal fees	590,000
Employee costs <sup>1</sup>	498,431
Security expenses	60,858
Agent fees	31,100
IT systems	23,667
Payments to subsidiary entities	21,530
Transportation costs	16,633
Insurance	18,773
Research and development expenses	4,307
Sundry expenses	1,000
Bank charges	642
Disbursements (Category 1)	6,883
Disbursements (Category 2)	38,800
<b>Sub-total</b>	<b>1,312,624</b>
<b>Pre-Appointment Costs</b>	
Administrators' fees	93,818
Legal fees	40,435
<b>Total Pre-Appointment Costs</b>	<b>134,253</b>
<b>Total Estimated Expenses</b>	<b>1,446,877</b>

### Note 1

A component of the employee costs should be recovered from the Purchaser in accordance with the business sale agreement for the sale of the business and substantially all of the assets of the Company to Recharge Production UK Limited.

## Explanation of expenses

An explanation of the expenses anticipated to be incurred is set out below:-

Category of expense	Description of expenses incurred or to be incurred
Legal fees	Legal advice regarding matters such as realisations from the Company's estate, review of sale agreements, review of appointment and other key statutory documents prepared for or by the Joint Administrators and other ad hoc advice as required by the Joint Administrators
Employee costs	Wages and associated costs in connection with retained employees (including wages and salaries, National Insurance, pension payments and reasonable travel expenses, company cars and fuel provisions)
Security expenses	Charges associated with maintaining and securing properties, primarily the Gigaplant site
Agent fees	Fees payable to specialist third party agents in connection with the sale of the Company's owned motor vehicles, IT equipment and fixtures and fittings

IT systems	Charges associated with the operation of the Company's IT and finance systems (e.g. software)
Payments to subsidiary entities	Payments to certain subsidiary entities to ensure continuity of operations and compliance with statutory filing requirements and to maintain optionality through the sale process for the sale of the Company's business and assets. Also, the preserving value in BV Properties Midlands Limited
Transportation costs	Costs associated with transportation and logistics, particularly in relation to the relocation of the Company's IT systems and assets
Insurance	Costs to insure the Company's assets and operations during the Administration period
Research and development expenses	Charges associated with finalising research and development work to protect the value in the Company's business and assets during the sale process
Sundry expenses	Other sundry expenses such as stationery
Bank charges	Charges associated with the operation of the Company's bank accounts during the Administration

#### **Disbursements (Category 1)**

Accommodation costs	Costs incurred by the Joint Administrators and their staff in respect of their work on the Administration, whilst operating from or attending different office locations
Postage, photocopying and printing	Costs incurred by the Joint Administrators and their staff in respect of their work on the Administration, in particular in respect of communications and statutory reports to creditors
Public notices	Costs of completing statutory requirements of the Administration, including advertising and filing costs
Specific penalty bond	A form of insurance required by insolvency law
Subsistence	Costs incurred by the Joint Administrators and their staff in respect of meal allowances in accordance with EY's policy regarding work conducted after ordinary business hours whilst in the office
Travel costs	Costs incurred by the Joint Administrators and their staff in respect of their work on the Administration, relating to travelling to different office locations

#### **Disbursements (Category 2)**

Bookkeeping	Costs relating to maintaining the Company's pre-appointment accounting and bookkeeping services provided by Ernst & Young LLP ("EY")
	These services encompassed provision of financial operating systems and services, including consolidated group reporting. These services were considered critical in supporting the activities of the remaining employees and the Joint Administrators' team and in protecting the value achievable through the sale process

The Joint Administrators negotiated a substantial rate reduction for these services for the period from the date of their appointment until the date the sale was completed

## **Exceeding estimates of remuneration and expenses**

These estimates may be exceeded, in which case an explanation will be provided in the appropriate progress report. The Joint Administrators will only draw remuneration in excess of the estimate with the prior agreement of the approving body, in accordance with Rule 18.30 the Insolvency (England and Wales) Rules 2016.

## **Estimated return to creditors**

We estimate the returns to creditors as follows:-

<b>Creditor Category</b>	<b>Return (p/£)</b>
First preferential creditors (i.e. the employees)	100 p in the Pound
Secondary preferential creditors (i.e. HMRC)	Based on current estimates, we anticipate a substantial dividend of up to 100p in the Pound
Unsecured creditors	Should there be sufficient funds available to pay a dividend to unsecured creditors, this is currently estimated to be less than 1p in the Pound

**Power by BritishVolt Limited (In Administration) ("the Company")**

**Estimated remuneration (excluding VAT)**

Joint Administrators' remuneration breakdown for the period 17 January 2023 to completion of the Administration is as follows:

	Staff Grade						Total Hours	Total Cost £	Average Rate £
	Partner	Director	Assistant Director	Manager	Executive	Analyst			
Administration & Planning	2.0	35.1	29.8	156.0	120.9	62.2	406	227,760	561
Creditors	11.8	32.5	89.8	108.8	84.0	264.1	591	304,420	515
Data Preservation	-	53.4	46.0	13.0	77.8	5.0	195	124,775	639
Employees	31.6	64.2	28.2	325.7	0.5	12.6	463	313,938	678
Immediate Tasks	-	18.0	14.0	28.9	1.0	-	62	44,313	716
Investigation & CDDA	8.0	30.0	38.5	51.1	15.0	15.0	158	105,913	672
Job Acceptance & Strategy	15.5	32.5	22.9	20.0	10.0	10.0	111	80,025	722
Legal Issues	10.5	38.0	30.0	40.0	20.0	-	139	98,775	713
Other Assets	5.5	29.0	52.2	76.0	8.0	20.2	191	127,195	666
Property	4.3	12.5	12.1	4.0	2.0	1.5	36	27,710	761
Public Relations Issues	18.0	13.5	5.0	5.0	-	-	42	35,450	854
Reporting	21.5	41.0	32.1	109.0	71.5	49.7	325	197,045	607
Sale of business	245.7	488.0	370.8	376.4	55.0	411.9	1,948	1,330,480	683
Statutory Duties	5.8	40.0	94.0	40.5	21.0	34.4	236	156,813	665
Trading	6.0	15.5	43.6	61.5	-	11.6	138	94,073	681
VAT & Taxation	12.0	78.2	77.1	50.5	10.0	12.6	240	176,168	733
<b>Total Hours</b>	<b>398.2</b>	<b>1,021.4</b>	<b>986.1</b>	<b>1,466.4</b>	<b>496.7</b>	<b>910.8</b>	<b>5,279.6</b>		
<b>Time Costs (£)</b>	<b>378,290</b>	<b>868,190</b>	<b>739,575</b>	<b>916,500</b>	<b>223,515</b>	<b>318,780</b>		<b>3,444,850</b>	
<b>Average Hourly Rate (£)</b>	950	850	750	625	450	350		652	

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**Estimated expenses (excluding VAT)**

<b>Payments which are not disbursements – all Category 1 (Please refer to notes 1, 2 and 3 at the end of this table for definitions)</b>	<b>Total estimated to be incurred £</b>	<b>Paid to 5 March 2023 £</b>
Legal fees	590,000	0
Employee costs	498,431	326,696
Security expenses	60,858	60,858
Agent fees	31,100	0
IT systems	23,667	0
Payments to subsidiary entities	21,530	21,530
Transportation costs	16,633	0
Insurance	18,773	0
Research and development expenses	4,307	4,307
Sundry expenses	1,000	0
Bank charges	642	142
<b>Sub-total</b>	<b>1,266,941</b>	<b>413,533</b>
<b>Category 1 disbursements (see notes 2 and 3)</b>		
Accommodation costs	3,105	0
Public notices	300	0
Specific penalty bond	1,280	0
Subsistence	1,141	0
Travel costs	1,057	0
<b>Category 2 disbursements (see notes 2 and 3)</b>		
Bookkeeping services	37,800	0
Internal bulk copying, printing and postage	1,000	0
<b>Disbursements – sub-total</b>	<b>45,683</b>	<b>0</b>
<b>Total Expenses (inc. Disbursements)</b>	<b>1,312,624</b>	<b>413,533</b>

## **Notes**

- 1 Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member
- 2 Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
  - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
  - Category 2 expenses are payments to associates or which have an element of shared costs
- 3 Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2
- 4 Further details in respect of the expenses set out in the table above can be found on page 5 of this document