

TO ALL KNOWN CREDITORS

8 October 2021

Ref: APW/ST/AE/SLBE/PCF
Direct line: 0207 951 5217
aeliades@parthenon.ey.com

Dear Creditors

SLBE Limited (formerly TSP Engineering Limited) (in Administration) ('the Company')

High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) (Number: CR-2020-001669)

On 9 March 2020 the Company entered Administration and A P Williams and R H Kelly were appointed to act as Joint Administrators ('**the Joint Administrators**'). The appointment was made by the qualifying floating charge holder under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986.

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the Administration. This report covers the period from 9 March 2021 to 8 September 2021 ('**the Period**') and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 17 March 2020 ('**the Proposals**') and our previous progress reports dated 8 October 2020 and 1 April 2021.

This document has been made available for viewing and downloading at the following web address: www.ey.com/en_uk/slbe. You may at any time request a hard copy of any or all of the documents currently available for viewing on the website and/or future documents which may be made available. If you wish to receive a hard copy of the document(s), please either telephone, email or write to me, using the contact details at the top of this report and a hard copy will be sent to you.

Statutory information about the Company, the Administration and the office holders is given at Appendix 1.

Summary of progress during the Period

Taxation

Two VAT returns have been submitted by the Joint Administrators during the Period for nil returns.

On 4 August 2021 we received outstanding VAT refunds which totalled £66,503.90 along with associated interest of £2,825.20. The interest was applied due to the length of time it took for HMRC to pay the refund following the submission of the returns. However, accepting this interest will require the Joint Administrators to submit a further corporation tax return and pay corporation tax on the interest. This will incur further time costs and as such we are reviewing whether it would be in the best interest of creditors to return these funds to HMRC. We will update further in our next progress report.

All tax related time costs are included within our total time costs, set out in detail later in this report.

Receipts and payments account

A summary of our receipts and payments for the period from 9 March 2020 to 8 September 2021 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

Our remuneration was fixed on a time-cost basis plus VAT by resolutions of the secured creditors on 5 June 2020.

During the Period, we have incurred time costs of £13,580 however the Joint Administrators have not sought to invoice or receive payment for any of this amount. Post appointment remuneration paid to the Joint Administrators totals £175,000.00 plus VAT in line with the fee estimate included in the Proposals.

The Joint Administrators' total time costs incurred have exceeded the fee estimate however the Joint Administrators do not intend to draw any more amounts from the Administration in respect of remuneration.

An analysis of the time spent, and a comparison with the fee estimate dated 17 March 2020 is attached as Appendix 4 to this report as well as details of where time costs have exceeded the forecast.

Joint Administrators' statement of expenses incurred

The Joint Administrators have incurred £10.70 of expenses in relation to printing and postage costs. These costs have not been charged to the Administration during the Period. There is a breakdown of expenses paid in the Administration at Appendix 3 of this report.

Distribution to creditors

Secured Creditors

As reported previously on 9 March 2020, the Joint Administrators made a distribution to the fixed charge secured creditor in the sum of £2,136,341.73 with respect to fixed charge realisations. On the same date, the Joint Administrators also made a distribution to the floating charge secured creditor in the sum of £226,278.51 with respect to floating charge realisations.

On 30 March 2020, the Joint Administrators made a further distribution to the floating charge secured creditor in the sum of £195,648.11 with respect to floating charge realisations.

Preferential Creditors

As part of the transaction, the Purchaser undertook to discharge all third-party trading liabilities (other than intercompany balances due to the Company's parent and its affiliates and secured amounts owing to financial creditors) and transfer all employees with no change to existing terms and conditions. As such there are no preferential creditors in the Administration.

Unsecured Creditors

As previously advised, we do not anticipate that there will be sufficient surplus funds to enable a distribution to be made to the unsecured creditors of the Company, other than by virtue of the Prescribed Part.

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Act. The Prescribed Part applies to floating charges created on or after 15 September 2003.

The Joint Administrators are now preparing to distribute the Prescribed Part and will be issuing a notice of intended dividend to creditors shortly.

Remaining work

We will continue to deal with the Administration in line with the stated objective outlined in the Proposals. Future tasks will include, but may not be limited to, the following:

- ▶ deregistering for VAT and seeking approval from HMRC to close the Administration;
- ▶ providing notice to creditors of the Joint Administrators' intention to declare a distribution;
- ▶ distributing amounts due to unsecured creditors under the Prescribed Part;
- ▶ completion of statutory and reporting requirements of the Administration;
- ▶ finalising the Administration, including the payment of all Administration liabilities; and
- ▶ any other actions required to be undertaken by the Joint Administrators to fulfil the purpose of the Administration.



Next report

We will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully
For the Company

A handwritten signature in black ink that reads 'A. Williams'.

A P Williams
Joint Administrator

Appendix 1 – Information about the proceedings, the Company and the officeholders

Appendix 2 – Joint Administrators' Receipts & Payments from 9 March 2020 to 8 September 2021

Appendix 3 – Summary of Joint Administrators' Expenses incurred

Appendix 4 – Summary of Joint Administrators' Time Costs incurred

A P Williams is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association and R H Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in Scotland.

The affairs, business and property of the Company are being managed by the Joint Administrators, A P Williams and R H Kelly, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	The High Court of Justice
Court reference:	CR-2020-001669
Registered name of the company:	SLBE Limited (in Administration)
Registered office address of the company:	c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Registered number:	10664034
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	9 March 2020
Details of any changes of administrator:	None
Full names of the administrators:	Alexander Paul Williams and Robert Hunter Kelly
Office holder number(s):	22270 and 8582
Administrators' address(es):	A P Williams, c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF R H Kelly, c/o Ernst & Young LLP, 1 Bridgewater Place Leeds, LS11 5QR
Telephone number:	0207 951 5217
Name of alternative person to contact with enquiries about the case:	Alex Eliades

SLBE Limited (in Administration)
Joint Administrators' Receipts and Payments from 9 March 2020 to 8 September 2021

Statement of Affairs estimated to realise	Period from 9 March 2020 to 8 March 2021	Period from 9 March 2021 to 8 September 2021	Cumulative Total
1 (£)	2 (£)	1 (£)	2 (£)
Fixed charge receipts			
1,750,001.00	1,750,001.00	-	1,750,001.00
386,338.73	386,338.73	-	386,338.73
2.00	2.00	-	2.00
	2,136,341.73	-	2,136,341.73
Distributions to creditors			
Secured Creditors	(2,136,341.73)	-	(2,136,341.73)
	(2,136,341.73)	-	(2,136,341.73)
Floating charge receipts			
637,379.76	637,379.76	-	637,379.76
35,000.00	35,000.00	-	35,000.00
40,000.00	40,000.00	-	40,000.00
151,275.51	151,275.51	-	151,275.51
3.00	3.00	-	3.00
3 Other Realisations			
HMRC Interest	-	2,825.20	2,825.20
	863,658.27	2,825.20	866,483.47
Floating charge payments			
Legal Fees	(50,000.00)	-	(50,000.00)
Administrators Fees	(282,519.50)	-	(282,519.50)
	(332,519.50)	-	(332,519.50)
Distributions to creditors			
Secured Creditor	(421,926.62)	-	(421,926.62)
	(421,926.62)	-	(421,926.62)
Prescribed Part			
Bank Interest	975.01	-	975.01
Corporation Tax	(182.78)	-	(182.78)
Bank Charges	(19.30)	-	(19.30)
	772.93	-	772.93
Balances in hand			
	109,985.08	2,825.20	112,810.28
Represented by:			
4 Cash at Bank	43,485.61	69,329.10	112,814.71
VAT Control Account	66,503.90	(66,503.90)	-
Funds Due to TSPE	(4.43)	-	(4.43)
	109,985.08	2,825.20	112,810.28



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SLBE Limited (in Administration)

Summary of Joint Administrators' expenses incurred

Type of Expense	Per Estimate Dated 17 March 2020	Paid in period to 8 March 2021	Paid in period to 8 September 2021	Estimated outstanding	Total
Payments made from the estate which are not disbursements^{1,2}					
Legal Fees	100,000.00	50,000.00	Nil	9,000	59,000.00
Corporation Tax	Nil	182.78	Nil	Nil	182.78
Bank Charges	100.00	19.30	Nil	Nil	19.30
Total	100,100.00	50,202.08	Nil	Nil	50,202.08
Category 1 disbursements²					
Bonding ³	320.00	Nil	Nil	320.00	320.00
Postage and Printing	300.00	Nil	Nil	300.00	300.00
Statutory Costs ³	500.00	Nil	Nil	500.00	500.00
Total	1,120.00	Nil	Nil	1,120.00	1,120.00

Expenses exceeding initial estimate

- Corporation Tax – paid in relation to bank interest income received from the floating charge account. This income was not originally anticipated and as such Corporation Tax expenses were not estimated in the Proposals.

Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs. There have been no category 2 disbursements in the Period.
- 3 The Joint Administrators have also incurred £424.14 of expenses in relation to bonding (£320) and statutory advertising (£104.14). These costs have not been charged to the Administration during the Period.

SLBE Limited (in Administration)

Joint Administrators' time costs for the period from 9 March 2020 to 8 September 2021 and a comparison with the fee estimate dated 17 March 2020

	Per Fee Estimate			Actual in this report period			Total actual to date		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Administration & Planning	79.5	25,000.0	314	0.7	386.0	551	117.5	45,262.5	385
Creditors	20.0	8,355.0	418	-	-	-	16.6	14,214.5	856
Employees	16.0	7,025.0	439	9.5	5,122.0	539	14.6	8,428.0	577
Environmental Issues	-	-	-	-	-	-	0.5	237.5	475
Immediate Tasks	6.0	2,905.0	484	-	-	-	4.0	4,580.0	1,145
Investigation & CDDA	79.0	32,720.0	414	-	-	-	59.3	22,432.5	378
Other Matters	6.0	2,905.0	484	-	-	-	8.3	3,927.5	473
Property	10.0	5,680.0	568	-	-	-	4.0	3,095.0	774
Reporting	67.5	29,795.0	441	6.0	3,660.0	610	61.1	26,449.5	433
Statutory Duties	77.0	33,195.0	431	-	-	-	150.9	75,242.5	499
VAT & Taxation	53.0	27,420.0	517	11.8	4,412.0	374	68.9	30,607.0	444
Total	414.0	175,000.00	423	28.0	13,580.00	485	505.7	234,476.50	464



As noted, time costs incurred to date have exceeded our initial fee estimate by £59,476.50. The principal reasons for exceeding the fee estimate are as follows:

Category	Explanation of increase in time costs incurred
Administration and Planning	An additional £20,262.50 of time costs have been incurred in comparison to the fee estimate. This is due to an increased amount of time spent on management of the case, including treasury and accounting functions, in part due to the extensions of the Administration requiring more administrative tasks to be completed.
Creditors	An additional £5,859.50 of time costs have been incurred in comparison to the fee estimate. Additional time costs have been incurred in dealing with a greater number of creditor queries than anticipated.
Employees	An additional £1,403.00 of time costs have been incurred in comparison to the fee estimate. This is as a result of a former employee claim against the Company that was not anticipated.
Environmental Issues	An additional £237.50 of time costs have been incurred in comparison to the fee estimate. This is due to the time taken to transfer environmental permits exceeding what was originally anticipated.
Immediate Tasks	An additional £1,675.00 of time costs have been incurred in comparison to the fee estimate. This work required more input from senior resource at a higher charge out rate than expected which caused the cost increase.
Other Matters	An additional £1,022.50 of time costs have been incurred in comparison to the fee estimate. This is due to work dealing with books and records management taking longer than initially anticipated.
Statutory Duties	An additional £42,047.50 of time costs have been incurred in comparison to the fee estimate. This is due to an increased amount of time spent dealing with statutory duties immediately following appointment and dealing with the extension of the Administration. The fee estimate was prepared on the basis of the Administration concluding without extensions being required
VAT & Taxation	An additional £3,187.00 of time costs have been incurred in comparison to the fee estimate. As the administration has taken longer than expected additional VAT returns have been required and as such the fee estimate has been exceeded.

Category of work	Description of work completed
Administration & Planning	<ul style="list-style-type: none"> ▶ Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting. ▶ This is a statutory requirement.
Creditors	<ul style="list-style-type: none"> ▶ Receipt and recording of creditor claims. ▶ Correspondence with creditors. ▶ Processing distributions to the secured creditors. ▶ This is a statutory requirement.
Employees	<ul style="list-style-type: none"> ▶ Writing to employees regarding TUPE related matters. ▶ Dealing with any ad hoc employee enquiries. ▶ Work undertaken in this category will primarily comprise statutory and regulatory requirements.
Environmental Issues	<ul style="list-style-type: none"> ▶ Liaising with Environmental Resources Management to transfer permits. ▶ This is a regulatory requirement.
Immediate Tasks	<ul style="list-style-type: none"> ▶ Completion of work streams requiring immediate attention following the appointment, in order to execute the strategy outlined in the Proposals. ▶ These tasks may comprise a mixture of statutory requirements and tasks undertaken to realise value in the Entities assets.
Investigations & CDDA	<ul style="list-style-type: none"> ▶ Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 "Investigations by Office Holders". ▶ The Joint Administrators' report on the conduct of the directors under the Company Directors Disqualification Act 1986. ▶ This is a statutory and regulatory requirement.
Other Matters	<ul style="list-style-type: none"> ▶ Dealing with any assets owned by third parties. ▶ Recovery of the Company's physical books and records, and electronic records (including a back-up of company servers and systems). ▶ Work undertaken in this category will primarily comprise statutory and regulatory requirements.
Property	<ul style="list-style-type: none"> ▶ Pursuing the strategy to realise value from the Company's leasehold interests. ▶ Dealing with landlord enquiries regarding the property interests. ▶ Transferring the freehold and leasehold property to the Purchaser.
Reporting	<ul style="list-style-type: none"> ▶ Regular reporting to the Company's secured creditors. ▶ Preparing the Joint Administrators' Statement of Proposals. ▶ Preparing the Previous Progress Report. ▶ This is a statutory requirement.

Statutory Duties	<ul style="list-style-type: none">▶ Completion of statutory requirements of the Administration, including notifications to creditors and members, advertising the appointment and sending to creditors and filing at Companies House.▶ Seeking approval from the secured creditors to extend the Administration and notifying the Court, Companies House and creditors that the Administration has been extended.▶ <u>These are statutory requirements.</u>
VAT & Taxation	<ul style="list-style-type: none">▶ Preparing annual corporation tax and quarterly VAT returns, with input from EY VAT and tax specialists.▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administration.▶ Liaising with HMRC to obtain VAT refunds and to deregister for VAT.▶ <u>This is a statutory requirement.</u>
