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TO ALL KNOWN CREDITORS

20 March 2020

Ref: LW/DCH/MW/OC/PCF

Direct line: 0161 234 0510  
Email: KSRElectronic@uk.ey.com

Dear Sirs

## **KSR Electronic Systems Limited (in Administration) (“the Company”)**

As you will be aware, on 27 January 2020, the Company entered Administration and Lucy Winterborne and Daniel Christopher Hurd were appointed to act as Joint Administrators.

I now enclose a copy of our statement of proposals (“the Proposals”) as required by paragraph 49 of Schedule B1 to the Insolvency Act 1986.

We intend to seek the approval of the Proposals by deemed consent. We will seek approval for the basis of our remuneration by a separate resolution of the creditors which will be sent by separate correspondence at a later date.

I enclose, for your attention, formal notice of deemed consent together with an invitation to form a creditors’ committee.

Should you have any further questions, please contact Oliver Charlesworth by email at KSRElectronic@uk.ey.com or at 0161 234 0510.

Yours faithfully  
for the Company

Lucy Winterborne  
Joint Administrator

Enc: Administrators’ statement of proposals  
Notice to creditors – invitation to form a creditors’ committee  
Notice to creditors – deemed consent

L Winterborne is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association and D C Hurd is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Company are being managed by the Joint Administrators, L Winterborne and D C Hurd, 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 General Data Protection Regulation 2016/679, 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](http://www.ey.com/uk/officeholderprivacy).

# **KSR Electronic Systems Limited**

## **In Administration (“the Company”)**

Administrators' Statement of Proposals  
Pursuant to paragraph 49 of schedule B1 to the Insolvency Act  
1986

Date of delivery of proposals to creditors: 20 March 2020

Ernst & Young LLP



## Abbreviations

The following abbreviations are used in this report:

CDDA	Company Directors Disqualification Act 1986
the Company	KSR Electronic Systems Limited
date of appointment	27 January 2020
EY	Ernst & Young LLP
FY16/17/18/20	Financial year ending 31 December 2016/2017/2018/2020
the Group	KSR Industrial Corporation and its subsidiaries
HMRC	HM Revenue and Customs
Joint Administrators	Lucy Winterborne and Daniel Christopher Hurd
the Parent	KSR Industrial Corporation
RoT	Retention of Title
the Rules	the Insolvency (England and Wales) Rules 2016

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# 1. Introduction, background and circumstances giving rise to the appointment

## 1.1 Introduction

On 27 January 2020 the Company entered Administration and Lucy Winterborne and Daniel Christopher Hurd were appointed to act as Joint Administrators. The appointment was made by the Company's directors under the provisions of paragraph 22 of Schedule B1 to the Insolvency Act 1986. This document, including its appendices, constitutes the Joint Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016.

Certain statutory information relating to the Company and the appointment of the Joint Administrators is provided at Appendix A.

## 1.2 Background

The Company was incorporated on 7<sup>th</sup> October 1998 and manufactures customised electronic modules and systems (mainly for power steering) for the automotive sector.

The Company was indirectly acquired in July 2014 by KSR Industrial Corporation ("the Parent"), which is part of a global automotive group of companies ("the Group") headquartered in Canada. To our knowledge, no other company in the Group has entered formal insolvency proceedings.

The Company trades from leased premises near Swansea, South Wales.

## 1.3 Financial information

We have summarised below the Company's historical and forecast financial performance:

£000s	FY16A	FY17A	FY18A	YTD19A (11mths)	FY20F
<b>Revenue</b>	14,327	19,133	23,218	19,773	10,906
Cost of Sales	(11,910)	(17,662)	(22,581)	(19,949)	(12,392)
<b>Gross profit/(loss)</b>	2,417	1,471	637	(176)	(1,486)
<i>Gross profit %</i>	16.9%	7.7%	2.7%	(0.9%)	(13.6%)
Overheads	(3,949)	(3,935)	(6,911)	(2,146)	(1,497)
<b>Net (loss)</b>	(1,532)	(2,464)	(6,274)	(2,322)	(2,983)

Source: Statutory and management accounts

As shown in the table above, the Company was loss-making in the three financial years to 31 December 2018, with an aggregate net loss of c.£10.3m despite revenue growth of £8.9m (from £14.3m to £23.2m) across the same period.

During this period, we understand that a new contract did not deliver the level of volumes anticipated despite significant capital investment in a new production line.

The Company continued to be loss-making in YTD19 (January 2019 to November 2019) with a decline in volumes and anticipated new work not coming to fruition.

The Company's FY20 forecast, based on a scaled down operation as a further contract was lost, showed that significant losses would continue.

The Company's historical losses were funded by the Group. Work is being undertaken to clarify the inter-Group position, but based on the Company's records at 30 November 2019, the Company's net inter-Group creditor balance was c.£12.4m, comprising the following:

	£m
Balances due from related companies	0.7
Balances due to related companies	(5.0)
Notes payable - KSR UK LLC	(0.5)
Notes payable - KSR International Co.	(7.6)
<b>Net amount due to Group companies</b>	<b>(12.4)</b>

## 1.4 Circumstances giving rise to the appointment of the Joint Administrators

In August 2019, a US-based corporate finance advisory firm (with a particular automotive sector focus) was engaged to perform a market testing exercise to explore whether a sale of the Company could be achieved. However, we understand this resulted in no viable interest for the business.

In December 2019, in light of the ongoing financial under-performance of the Company and a challenging market outlook for the automotive sector, the Parent informed the Company that no further funding would be forthcoming.

Ernst & Young LLP was introduced to the Company by DLA Piper LLP on 9 December 2019 (the Group is a client of DLA Piper LLP). EY was subsequently engaged on 27 December 2019 by the Company to undertake the following work:

- ▶ Carry out contingency planning in anticipation of a formal insolvency appointment;
- ▶ Commence an accelerated sale process to determine if there was any potential interest in acquiring the shares and/or business and assets of the Company; and
- ▶ Work closely with the Company to monitor its short-term cash position.

An accelerated sales process was commenced and seven potentially interested parties were approached (predominantly distressed private equity investors) with a no-names, high-level summary of the opportunity. All seven parties were subsequently sent confidentiality letters to sign to enable them to receive further information. Two confidentiality letters were signed but on receipt of further information both these parties declined to take their initial interest further.

At the same time the Company's key customers were informed of the likelihood that the Company would enter a formal insolvency process. Due to the nature of the automotive sector, which largely operates on a "just in time" basis, a closure of the Company's business would have created supply issues for the key customers. The customers requested that the Company continue to trade to allow them time to secure alternative supply and discussion in this regard commenced.

With no further funding and a sale of the Company or its business and assets considered unlikely in the short-term, the Company's directors concluded that an insolvency of the Company was unavoidable. Accordingly, the directors of the Company made arrangements

to place the Company into Administration under the provisions of paragraph 22 of Schedule B1 to the Insolvency Act 1986.

For the work undertaken prior to the appointment of the Joint Administrators, EY received fees totalling £270,000 (see Section 6 of these proposals for further details). In line with our Code of Professional Ethics, we have carefully considered whether this engagement constitutes a conflict of interest which precludes us from acting as Joint Administrators of the Company. We are satisfied that it does not.

## 2. Purpose, conduct and end of the Administration

### 2.1 Purpose of the administration

The purpose of an administration is to achieve one of three objectives:

- a. To rescue a company as a going concern
- b. To achieve a better result for a company's creditors as a whole than would be likely if the company were wound up (without first being in administration)
- c. To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for a company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the Company as a whole.

It is considered unlikely that objective (a) can be achieved because there was limited interest in the Company from the accelerated sales process, as well as the previous market testing exercise in August 2019. However, there are ongoing discussions with potentially interested parties.

If objective (a) is not achieved, then the Joint Administrators will pursue objective (b): to achieve 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). This will be achieved by continuing to trade the Company in Administration as opposed to an immediate closure and winding up of the Company. The advantages of trading the Company in Administration are detailed in section 2.2.1.

If objective (b) is not achieved then objective (c), to realise property in order to make a distribution to one or more secured or preferential creditors, will be followed.

### 2.2 Conduct of the Administration

#### 2.2.1 Trading

Following extensive negotiation, on the date of appointment a supply agreement ("the Supply Agreement") was signed by the Company's two key customers and the Joint Administrators for an initial three month period, with a provision to continue to trade on a rolling basis thereafter.

The key provisions of the Supply Agreement are commercially sensitive but the benefits of continuing to trade the Company in Administration are:

- ▶ It provides time and preserves the value of the business while the possibility of achieving a going-concern sale of the Company and or its business and assets is explored;
- ▶ As part of the Supply Agreement the two customers party to the Supply Agreement each paid their outstanding debt to the Company in full (total £684,399). In addition, if the Company had ceased to trade these customers may have made damages claims against the Company for losses suffered, which would have diluted the funds available to unsecured creditors; and



- ▶ As the Joint Administrators have a duty to preserve the assets of the Company to maximise the realisations for the creditors as a whole the customers agreed to provide sufficient funding to ensure the business would trade at a £75,000 profit per month in the Administration. Based on trading forecasts, the customers provided up front funding to achieve this, with a mechanism to enable the Joint Administrators to request further funding if required. The Administration trading profit will become available to the general body of creditors in due course.

Subsequently a further supply agreement was reached with a third customer which required a small quantity of parts from the Company over a limited period. This agreement was based on a 98.4% price uplift to ensure these parts were manufactured at a profit.

Although the Company is continuing to supply three customers, there has been a reduction in its trading activities and therefore staffing requirements. Consequently, following the appointment of the Joint Administrators a formal consultation process was commenced with the Company's 121 employees. Shortly thereafter, 18 employees, whose roles were no longer required by the Company were made redundant. Since then one further redundancy has been made.

To 6 March 2020 we have received £1.15m from trading sales. For the same period payments related to trading total £1.49m (including £807,938 in material purchases and £159,956 in wages). This does not include amounts accrued but not paid during this period.

We will generate a profit of at least £225,000 for the first three months of trading. Based on customer orders received to date we expect the trading period to continue until at least June 2020.

We are currently progressing a number of retention of title ("ROT") claims on a case by case basis. To date claims totalling £285,943 have been received and £2,856 has been paid as a commercial settlement.

## **2.2.2 Sale of business**

As detailed previously, prior to the date of appointment, seven potentially interested parties were approached. Since the date of appointment these parties have been re-contacted and a further two parties have come forward. As the sales process is commercially sensitive we will provide a more detailed update following its conclusion.

## **2.3 Asset realisations for the Company**

### **2.3.1 Leasehold property**

The Company occupies a single leasehold site in Swansea. The lease expires on 31 August 2021. The Joint Administrators do not believe there is any value in the lease but will assess this further when the trading period is approaching an end.

### **2.3.2 Plant and equipment**

The Company's principal fixed asset is its manufacturing machinery and equipment. At 30 November 2019 this had a net book value of £815,079 in the Company's management accounts.

Specialist valuers firm Gordon Brothers, who have previously undertaken valuation work for the Company around eight years ago, have attended the Company's premises to undertake a valuation of the tangible fixed assets on an in-situ and ex-situ basis.

At present, the machinery and equipment is being utilised for trading. If a sale of the business and assets is not possible (or if the plant and machinery is not included in any

sale), then the Joint Administrators anticipate realising the plant and machinery by way of an auction once the trading period is concluded.

### **2.3.3 Trade debtors**

Based on the Company's records trade debtors due from third parties at the date of appointment totalled £1.16m.

As part of the Supply Agreement previously noted, the key customers paid their outstanding debt to the Company in full. Further book debts have also been recovered from other customers giving a total of £873,430 received by 6 March 2020. The Joint Administrators are continuing to pursue the remaining balances.

### **2.3.4 Stock**

At the date of appointment, the Company's stock balance totalled £2.04m, comprising raw materials (£1.58m), WIP (£91,163) and finished goods (£369,804). If the Company had ceased to trade following the appointment of the Joint Administrators we believe there would have been limited realisations as many parts are specifically manufactured for the Company so would have limited resale value and might have been subject to retention of title claims.

The majority of the Company's stock is currently being utilised for trading post-appointment and we expect that any related raw material remaining at the end of the trading period will be purchased by the relevant customer.

Realisations from finished goods stock total £100,989 and include sales to customers that are not party to any post-appointment supply agreements.

### **2.3.5 VAT receivable**

The Company is due a refund of £213,055 from HMRC in relation to pre-appointment VAT. HMRC is entitled to set off this debt against any unpaid direct and indirect taxes so it is not clear at this stage what, if any, balance may be realised. A VAT refund of £163,631 (relating to an earlier period) was received into one of the Company's pre-administration bank accounts after the date of appointment.

### **2.3.6 Intercompany balances**

As detailed previously, pre-administration balances due to the Company from other Group entities totalled c.£672,460. However, we expect that this balance will be offset against inter-group creditor balances which total c.£13.08m so no realisations are expected.

### **2.3.7 Cash at Bank**

The Company operated five credit-only bank accounts. There was c.£1.15m cash held in the Company's bank accounts at the date of appointment. This amount has been transferred into the Administration bank account.

For the avoidance of doubt, these funds are held in a separate account to the funding being used to facilitate ongoing trading to ensure this balance is preserved for the benefit of creditors.

## **2.4 Approval of the Joint Administrators' Proposals**

The Joint Administrators are seeking approval of their Proposals by deemed consent. Further details of the arrangements and any steps to be taken by creditors are given in the formal notice of deemed consent delivered to creditors with these Proposals.

## 2.5 Future conduct of the Administration

The Joint Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the Administration. This will include, but not be limited to:

- ▶ Overseeing the on-going trading activities of the Company, including liaising with customers and suppliers;
- ▶ Preparing trading accounts, including monitoring the cash flow and liaising with the customers, who are funding the trading period;
- ▶ Monitoring staffing levels and consulting with employees with respect to potential further redundancies (if appropriate);
- ▶ Continuing to liaise with interested parties regarding a potential sale of the Company and/or its business and assets;
- ▶ Realising the remaining assets of the Company, including marketing and selling the plant and machinery and other chattel assets, should a sale of the business not be possible;
- ▶ Dealing with corporation tax and VAT matters, which includes filing statutory returns;
- ▶ Carrying out investigative procedures, including investigating the conduct of the directors leading up to the Joint Administrators' appointment in accordance with the requirements of the CDDA;
- ▶ Dealing with creditor enquiries;
- ▶ Distributing realisations to the preferential creditors of the Company;
- ▶ Ensuring all statutory reporting and compliance obligations are met;
- ▶ Finalising the Administration, including payment of all Administration liabilities; and
- ▶ Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the Administration.

## 2.6 The end of the administration

It is proposed that, at the end of the Administration, the Company will move straight into creditors' voluntary liquidation upon the filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986. It is proposed that the liquidators will be Lucy Winterborne and Daniel Christopher Hurd of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the liquidators may be done by either or both of them.

In accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 3.60(6)(b) of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before the proposals are approved. It should be noted in this regard that a person must be authorised to act as an insolvency practitioner in order to be appointed as liquidator.

### 3. Statement of Affairs

As at the date of issuing these proposals, the directors have not yet submitted a Statement of Affairs. A Statement of Affairs details the assets and liabilities of the Company at the date of appointment. The Administrators granted the directors an extension for submission of the Statement of Affairs until 17 March 2020 and no further extension has been requested at this time.

In the absence of a Statement of Affairs, we attach at Appendix B an estimate of the Company's financial position as at 27 January 2020 as well as a list of creditors (at Appendix E) including, as far as is currently known, their names, addresses, amounts owed and details of any security held. This has been compiled using the Company's draft management accounts for November 2019, updated for more recent information provided by management where available. To the Administrators' knowledge, none of the amounts included have been audited or otherwise independently verified.

When provided the full Statement of Affairs will be made available on the following website: [www.ey.com/uk/KSRElectronic-Administration](http://www.ey.com/uk/KSRElectronic-Administration).

We provide below, for information, an indication of the current position with regard to creditors' claims. The figures have been compiled by the Company's management and have not been subject to independent review or statutory audit.

#### 3.1 Secured creditors

As detailed previously, the Company operated credit-only facilities and was funded by other entities within the Group. As such, the Company does not have any direct borrowings from secured lenders.

However, up until the 24 January 2020, the Company had cross-guaranteed the Group's borrowings from Wells Fargo Bank ("Wells Fargo"), the Group's principal lender, making them a qualifying floating charge holder.

On 24 January 2020, Wells Fargo released its security over the Company so consequently, none of the Company's assets are subject to a fixed or floating charge.

#### 3.2 Preferential creditors

The Joint Administrators estimate preferential claims could be in the region of c.£5,579 in respect of employees' salaries, holiday pay, pension contributions and any other relevant salary deductions.

As claims are received, we will be able to more accurately quantify the value of preferential creditor claims. We currently expect that preferential claims will be paid in full.

#### 3.3 Unsecured, non-preferential creditors

These creditor claims continue to be submitted. Based on the Company's records it is estimated that total non-preferential claims could be in the region of £17.1m. However, creditor claims may be higher due to contingent claims and other non-priority creditor amounts not included in the Company's records.

At this stage we believe there will be a dividend paid to unsecured creditors. However, the quantum and timing of any dividend is not yet known.

### **3.4 Creditor claims**

Please note that debts incurred by the Company before our appointment will rank as unsecured non-preferential claims. If you have a claim that you have not yet submitted, please forward details together with supporting documentation (e.g. invoices, statements and agreements) to Ernst & Young LLP, The Paragon, Counterslip, Avon, Bristol, BS1 6BX, marked for the attention of Oliver Charlesworth, or, alternatively, to the following email address: ksrelectronic@uk.ey.com.

Certain debts due from the Company may be preferential in accordance with Section 386 of the Insolvency Act 1986. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in the Company's possession, please forward details to me as soon as possible.

Any sums due to the Company arising after our appointment must be paid in full and without set-off against any debts incurred by the Company prior to our appointment.

### **3.5 Prescribed Part**

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

A relevant charge against the Company was created on 28 December 2017 but, as detailed previously, was released on 24 January 2020. Therefore, the Prescribed Part does not apply in this matter.

## 4. Administrators' receipts and payments

A summary of the Administrators' receipts and payments for the period from 27 January 2020 to 6 March 2020 is attached at Appendix C.

## 5. Administrators' remuneration, expenses, disbursements and payments to other professionals

### 5.1 Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, 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 website 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 the Joint Administrators.

The basis of the Joint Administrators' remuneration is to be fixed by creditors. If a creditors' committee is appointed then this will be a decision for the committee. In the event that a creditors' committee is not formed, or does not make a determination, a decision of the creditors will be required.

It is proposed that the administrators' remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration.

As the length of the trading period is not yet known and a sale of the Company and/or its business and assets remains a possibility, the Joint Administrators have chosen not to seek a decision on the basis of post-appointment remuneration and Category 2 disbursements at this time. Once discussions with the customers and interested parties provide further clarity on potential outcomes, the Joint Administrators will prepare a fee estimate and statement of expenses and will seek approval for the basis of their remuneration, either from the creditors' committee (if one is appointed) or by a decision of creditors. Accordingly a fee estimate and statement of expenses will be circulated under separate correspondence in due course.

To 6 March 2020, the Joint Administrators have incurred time costs of £187,032 in relation to time properly spent undertaking statutory duties and £359,000 in relation to ongoing trading. The Joint Administrators' fees for trading the business will be funded by the three customers for which production has continued.

### 5.2 Disbursements

Disbursements are expenses met by and reimbursed to the Joint Administrators. They fall into two categories: Category 1 and Category 2. When the Joint Administrators provide their fee estimate, this will include details of the Category 1 and 2 disbursements which are expected to be incurred.

Category 1 disbursements are payments to independent third parties where there is expenditure directly referable to the administration. Category 1 disbursements can be drawn without prior approval.

Category 2 disbursements are expenses that are directly referable to the administration but not to a payment to an independent third party. They may include an element of shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as remuneration. In the event that a creditors' committee is not formed, the Joint Administrators propose that they are permitted to charge Category 2 disbursements in accordance with the statement of expenses which will be circulated under separate correspondence to all creditors in due course.

## 5.3 Pre-Administration costs

As noted in Section 1, £270,000 of fees were incurred and paid prior to the date of appointment as part of our engagement with the Company dated 27 December 2019. Not all of our time costs were billed prior to appointment so the Joint Administrators will be seeking approval for payment of unpaid pre-administration costs totalling £175,886 plus VAT. The payment of unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52, and not part of the proposals subject to approval under paragraph 53. This means that they must be approved separately from the proposals.

Further to the work noted in Section 1, the nature of the unbilled pre-administration work can be summarised as follows:

- ▶ Assessing the likely strategy which Joint administrators might implement;
- ▶ Gathering information and undertaking more detailed contingency planning in order to allow the proposed office holders to prepare for taking over the affairs of the Company on appointment;
- ▶ Understanding the key risks in respect of trading the Company in Administration, and how to mitigate these; and
- ▶ Negotiating the Supply Agreement with customers to avoid stopping production.

Undertaking the above actions enabled the ongoing trading of the Company to continue post-administration with the minimum disruption possible, thereby preserving value in the business.

The breakdown of total pre-administration costs are attached at Appendix D which sets out:

- ▶ The fees charged by the Joint Administrators.
- ▶ The expenses incurred by the Joint Administrators.

In the event that a creditors' committee is not formed, the Joint Administrators will seek to have the unpaid pre-administration approved by a decision of creditors.

## 5.4 Other professionals' pre-administration costs

As well as the Joint Administrators' fees and disbursements, the Administrators will also seek approval for payment of unpaid pre-administration costs to other professionals totalling £168,251 plus VAT, comprising £147,451 of time costs and disbursements incurred by DLA Piper, £8,800 incurred by Gordon Brothers and £12,000 incurred by Aon Risk Solutions. The payment of these unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52, and not part of the proposals subject to approval under paragraph 53. This means that they must be approved separately from the proposals and the Joint Administrators will seek approval for the payment of these costs as a separate resolution at the same time as the fee estimate and statement of expenses are circulated under separate correspondence in due course.

In the meantime further information is provided below and these costs are included at Appendix D.

### 5.4.1 Pre-appointment costs incurred by DLA Piper

DLA Piper were engaged to provide legal advice in advance of the Company entering Administration, including in relation to the secured creditor position and in drafting the Supply Agreement with the two key customers. DLA Piper's unpaid time costs for this work



totalled £147,001 plus VAT and disbursements of £450 in the relevant pre-administration period.

#### **5.4.2 Pre-appointment costs incurred by Gordon Brothers**

Gordon Brothers' costs for reporting on the valuation and potential strategies to realise the Company's plant and machinery (on an in-situ and ex-situ basis) totalled £8,500 plus VAT and disbursements of £300. Gordon Brothers' valuation report was received on 20 January 2020.

#### **5.4.3 Pre-appointment costs incurred by Aon Risk Solutions**

Pre-appointment costs incurred by Aon Risk Solutions for liaising with the Company's existing insurance brokers and underwriters to ensure appropriate insurance covers (including general and product liability cover) remained in place or were put in place to enable to Company to continue to trade on appointment totalled £8,500 plus VAT. Conversations between Aon and the Company's existing insurance broker began on 13 January 2020.

Should you wish to discuss any aspect of this report, please contact Oliver Charlesworth on [ksrelectronic@uk.ey.com](mailto:ksrelectronic@uk.ey.com) or 0161 234 0510.

## Appendix A Statutory information

### Company Information

Company Name:	KSR Electronic Systems Limited
Registered Office Address:	c/o Ernst & Young LLP The Paragon, Counterslip Bristol BS1 6BX
Registered Number:	03648720
Date of incorporation:	7 <sup>th</sup> October 1998
Trading Name(s):	n/a
Trading Address(es):	Heol Y Ddraig Penllergaer Business Park Swansea SA4 9HL

### Details of the Administrators and of their appointment

Administrators:	Lucy Winterborne and Daniel Christopher Hurd
IP number:	21130 and 20030
Date of Appointment:	27 <sup>th</sup> January 2020
By Whom Appointed:	The appointment was made by the Company's directors
Court Reference:	High Court of Justice, Business and Property Courts of England and Wales: CR-2020MAN000054

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly.

### Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this Administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

### Share capital

Class	Authorised		Issued and fully paid	
	Number	£000s	Number	£000s
Ordinary (£1)	2,000	2,000	2,000	2,000

**Directors and their shareholdings**

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
James Black	Director	16 <sup>th</sup> January 2020	n/a	-
Eileen Wheatman	Director	16 <sup>th</sup> January 2020	n/a	-

## Appendix B Estimated statement of financial position

### A - Summary of Assets

	Note	Book Value at 30 Nov 2019 £	Estimated to Realise £
Property, plant and equipment	1	815,079	TBC
Trade and other receivables	2	1,162,174	1,162,174
Prepayments and accrued income		491,369	-
Stock and finished goods	2	2,042,836	100,989
Cash at bank and on hand	3	1,153,699	1,153,699
Deferred taxation		233,180	163,631
		<b>5,898,337</b>	<b>2,580,493</b>

### A1 - Summary of Liabilities

			Estimated to Realise £
<b>Estimated total assets available for preferential creditors</b>			<b>2,580,493</b>
Preferential creditors	4	5,579	
<b>Total assets available to unsecured creditors</b>			<b>2,574,914</b>
<b>Unsecured non-preferential claims</b>			
Trade Creditors	2	2,994,718	
Inter-Group Balances		13,083,804	
HMRC		57,790	
Other Creditors		988,439	
		<b>17,124,752</b>	
<b>Estimated deficiency / surplus as regards all creditors</b>			<b>(14,549,838)</b>
Issued and called up capital		2,000	
<b>Estimated total deficiency / surplus as regards members</b>			<b>(14,551,838)</b>

#### Notes:

- 1 A valuation of the Company's plant and machinery has been by Gordon Brothers but the realisable value has not been included here as it remains commercially sensitive while the sale of the Company's business and assets is being explored.
- 2 Based on Company records at 27 January 2020.
- 3 Cash is based on the balance on hand at 27 January 2020.
- 4 Employees were paid up to the date of appointment and holiday cycle had just begun so holiday and payroll arrears are minimal.
- 5 The above estimated to realise values excludes costs of realisation.

## Appendix C Joint Administrators' receipts and payments account for the period from 27 January 2020 to 6 March 2020

Per Estimated  
Statement of Financial  
Position  
£

	EUR	GBP	USD	GBP Equivalent
<b>Trading Receipts</b>				
Customer sales	827,582	29,686	555,211	1,148,006
Bank interest (Trading)	-	286	-	286
Customer advance payments	-	4,430,746	-	4,430,746
<b>Total</b>	<b>827,582</b>	<b>4,460,718</b>	<b>555,211</b>	<b>5,579,038</b>
<b>Trading Payments</b>				
Cost of sales	(415,114)	(726,880)	(118,541)	(1,164,331)
Staff costs	-	(172,292)	-	(172,292)
Retention of Title	-	(2,856)	-	(2,856)
Hire of equipment	-	(1,061)	-	(1,061)
Carriage	(732)	(13,288)	-	(13,898)
Repairs and maintenance	-	(179)	-	(179)
Import VAT	-	(23,270)	-	(23,270)
Telephone	-	(25)	-	(25)
Rent	-	(90,000)	-	(90,000)
Stationery and Printing	-	(321)	-	(321)
Software Licensing Fees	-	(976)	(24,000)	(19,505)
Sundry Expenses	-	(1,473)	-	(1,473)
Bank charges (Trading)	(181)	(162)	(145)	(425)
Security	-	(335)	-	(335)
Consultant Fees	-	(1,940)	-	(1,940)
Waste Disposal	-	(835)	-	(835)
<b>Total</b>	<b>(416,027)</b>	<b>(1,035,893)</b>	<b>(142,686)</b>	<b>(1,492,747)</b>
<b>Trading Receipts and Payments</b>	<b>411,556</b>	<b>3,424,825</b>	<b>412,525</b>	<b>4,086,292</b>
<b>Non-Trading Receipts</b>				
100,989 Stock and Finished Goods	-	100,989	-	100,989
1,162,174 Debtors not subj to Fixed Charge	-	873,430	-	873,430
Miscellaneous Receipts	-	163,631	-	163,631
Bank Interest (221)	-	2,504	-	2,504
1,153,699 Cash at Bank on Appointment	-	1,153,699	-	1,153,699
<b>Total</b>	<b>-</b>	<b>2,294,253</b>	<b>-</b>	<b>2,294,253</b>
<b>Non-Trading Payments</b>				
Public Notices	-	(95)	-	(95)
Other Professional Fees	-	(750)	-	(750)
Bank charges and interest (221)	-	(1)	-	(1)
<b>Total</b>	<b>-</b>	<b>(846)</b>	<b>-</b>	<b>(846)</b>
<b>Non-Trading Receipts and Payments</b>	<b>-</b>	<b>2,293,407</b>	<b>-</b>	<b>2,293,407</b>
<b>Net Receipts and Payments</b>	<b>411,556</b>	<b>5,718,233</b>	<b>412,525</b>	<b>6,379,699</b>
<b>Represented By</b>				
RBS-GBP-32296060-IB General	-	2,293,208	-	2,293,208
RBS-GBP-32296087-IB TRADING	-	1,936,934	-	1,936,934
RBS-GBP-32296079-IB TRUST	-	1,379,843	-	1,379,843
RBS-GBP-32297458-IB SALARIES	-	5,045	-	5,045
RBS-EUR-ENYNKSRE EUR C	407,896	-	-	339,913
RBS-USD-ENYNKSRE USD C	-	-	388,817	300,198
Flt VAT Receivable	45,604	103,094	23,708	159,402
Debtor Control A/c	-	144	-	144
Trade Creditors	(41,944)	(95)	-	(35,049)
Payroll Deductions	-	60	-	60
<b>Total Represented By</b>	<b>411,556</b>	<b>5,718,233</b>	<b>412,525</b>	<b>6,379,699</b>

## Appendix D Statement of pre-administration costs

	Administrator		Other IP		Details
	Remuneration £	Expenses £	Remuneration £	Expenses £	
Administrators in waiting	445,886	7,468	Nil	Nil	
DLA Piper LLP	232,001	450	Nil	Nil	
Gordon Brothers	8,500	300	Nil	Nil	
Aon	8,500	Nil	Nil	Nil	
<b>Total costs incurred</b>	<b>694,887</b>	<b>8,218</b>	<b>Nil</b>	<b>Nil</b>	
<b>Paid before the administration</b>					Payment made by the Company
Administrators in waiting	(270,000)	(Nil)	(Nil)	(Nil)	
DLA Piper LLP	(85,000)	(Nil)	(Nil)	(Nil)	
Gordon Brothers	(Nil)	(Nil)	(Nil)	(Nil)	
Aon	(Nil)	(Nil)	(Nil)	(Nil)	
<b>Unpaid pre-administration costs</b>	<b>339,887</b>	<b>8,218</b>	<b>Nil</b>	<b>Nil</b>	

Unpaid pre-administration costs are costs which had not been paid at the date of administration are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals. Further information on the way in which approval will be sought for unpaid pre-administration costs is set out in section 6 of this document.

## Appendix E List of Company Creditors

Name	Address 1	Address 2	Address 3	Address 4	Balance		Comments	Details of securities held
<b>Euro Creditors</b>								
ARROW AUTOMOTIVE TECHNICAL ADVIS	LONDON ROAD CAMPUS 30880 HANNOVER,	London Road		HARLOW GERMANY	1,419,862.38 40,750.33	EUR EUR	Balance per company records Balance per company records	NONE NONE
AVNET ABACUS	BANEMARKSVEJ 50B			BRONDBY	-	EUR	Balance per company records	NONE
Dr. O.K.Wach Chemie	Bunsenstrasse 6			Ingolstadt	985.00	EUR	Balance per company records	NONE
Future	Future House	The Glanty		Egham	263,080.00	EUR	Balance per company records	NONE
HYBRID SYSTEM ELECTRONIC	REITWEG 1			VEITSBRONN	1,286.55	EUR	Balance per company records	NONE
INTERPLEX	ELLIOT INDUSTRIAL ESTATE			ARBROATH	326,456.67	EUR	Balance per company records	NONE
MAGTROL SA	ROUTE DE MONTENA 77			ROSSENS	20,400.00	EUR	Balance per company records	NONE
NDK EUROPE LTD.	RIVER REACH	31-35 HIGH STREET		KINGSTON UPON THAMES	11,296.80	EUR	Balance per company records	NONE
PINK GMBH Thermosysteme PROMASS ASSEMBLY SYSTEMS	AM KESSLER 6 RONDWEG-WEST 35	9101 BE DOKKUM		WERTHEIM Dongeradeel	1,019.00 3,000.00	EUR EUR	Balance per company records Balance per company records	NONE NONE
RHOPOINT COMPONENTS	RHOPOINT HOUSE	IMBERHORNE LANE		EAST GRINSTEAD	11,403.29	EUR	Balance per company records	NONE
Rogers Germany GMBH	AM STADT WALD 2			ESCHENBACH	71,818.21	EUR	Balance per company records	NONE
TDK EUROPE GMBH	C/O TDK UK LTD	BRIDGE HOUSE CROMPTON ROAD INDUSTRIAL ESTATE	BRANTS BRIDGE	BRACKNELL	72,734.20	EUR	Balance per company records	NONE
TOTAL PRECISION LTD	BRITTANIC HOUSE			ILKESTON	78.00	EUR	Balance per company records	NONE
WALDON LTD	UNIT A, PARC EIRIN	GILFACH ROAD	TONYRETAIL	PORTH	148,588.78	EUR	Balance per company records	NONE
<b>Sterling Creditors</b>								
02 TELEFONICA	260 BATH ROAD			SLOUGH	-	GBP	Balance per company records	NONE
ACC SILICONES LTD	AMBER HOUSE	SHOWGROUND ROAD		BRIDGEWATER	4,011.84	GBP	Balance per company records	NONE
AIR Products Plc ALLSTAR BUSINESS SOLUTIONS	2 Millenium Gate P.O.BOX 1463	Westmere Gate WINDMILL HILL,	Westmere Drive	Crewe SWINDON	7,972.27 -	GBP GBP	Balance per company records Balance per company records	NONE NONE
ALTUS GROUP LTD ANGLO PRODUCTION PROCESSES	Unit 25 Stockwood Business Park SAXON BUSINESS PARK	Stockwood HANBURY ROAD	STOKE PRIOR	REDDITCH BROMSGROVE	2,934.76 11,216.47	GBP GBP	Balance per company records Balance per company records	NONE NONE
ARCO LTD	PO BOX 21	WAVERLEY STREET		HULL	131.42	GBP	Balance per company records	NONE
ATEQ UK LTD	71 WASHFORD IND ESTATE	HEMING ROAD		REDDITCH	1,266.00	GBP	Balance per company records	NONE
AURORA HP SERVICES LTD	3 THE TERRACE,	LIBRARY AVE, HARWELL		OXFORD	952.80	GBP	Balance per company records	NONE
AVON DYNAMIC	UNIT 2, THE OLD MILL	CHAPEL LANE		WARMLEY	186.00	GBP	Balance per company records	NONE
AXA PPP HEALTHCARE LTD	VALE ROAD	TUNBRIDGE WELLS			9,260.42	GBP	Balance per company records	NONE
BATTEN AND ALLEN LTD	BRIDGE END, LOVE LANE,	CIRENCESTER,		GLOUCESTERSHIRE	16,092.00	GBP	Balance per company records	NONE
BEADON	UNIT 7, BARTLETT PARK	MILLFIELD IND ESTATE		CHARD	1,735.20	GBP	Balance per company records	NONE
BONDLINE ELECTRONICS LTD	UNIT 6	RIVERGATE	RIVERMEAD IND ESTATE	Swindon	517.83	GBP	Balance per company records	NONE
British Telecom					-	GBP	Balance per company records	NONE
BRITISH GAS	PAYMENT AREA 60,	CAMBERLEY,		SURREY	-	GBP	Balance per company records	NONE
BT PLC	81 NEWGATE ST			LONDON	-	GBP	Balance per company records	NONE

List of Company Creditors

BUCK/HICKMAN IN ONE	CREDIT MANAGEMENT DEPARTMENT	UNIT F17, ASHMOUNT BUSINESS PARK	UPPER FOREST WAY	Swansea	6,884.72	GBP	Balance per company records	NONE
BUPA	UKM FINANCE	BUPA		SALFORD	2,704.25	GBP	Balance per company records	NONE
C.BRANDAUER & CO LTD	235 BRIDGE STREET WEST			BIRMINGHAM	120,710.35	GBP	Balance per company records	NONE
COLE-PARMER INSTRUMENT CO	UNIT 3, RIVER TRENT BUS. PARK	TRUMPERS WAY		HANWELL	369.60	GBP	Balance per company records	NONE
COMCEN COMPUTER SUPPLIES	BRUCE ROAD	SWANSEA WEST INDUSTRIAL EST.		Swansea	650.29	GBP	Balance per company records	NONE
Conro Electronics	UNIT 7	ORBITAL 25	DWIGHT ROAD, WATFORD, HERTS	WATFORD	7,190.10	GBP	Balance per company records	NONE
CYMRU AUTOMATION	UNIT 1	LONLAS INDUSTRIAL PARK	Skewen	Neath	1,723.72	GBP	Balance per company records	NONE
CYMRU INDUSTRIAL SUPPLIES	UNIT 45, PORT TALBOT BUS UNITS	ADDISON ROAD		Port Talbot	1,509.60	GBP	Balance per company records	NONE
DHL EXPRESS	PO BOX 524	HOUNSLOW		MIDDLESEX	22.52	GBP	Balance per company records	NONE
DOPAG UK LTD.	299 OAK DRIVE	HARTLEBURY TRADING ESTATE		HARTLEBURY	3,866.45	GBP	Balance per company records	NONE
Dow Corning	Rheingaustrasse 34			Wiesbaden	1,933.91	GBP	Balance per company records	NONE
DS SMITH CELTIC	RUSH DRIVE	PEN-Y-FAN IND ESTATE	CROESPENMAEN	CRUMLIN	1,839.36	GBP	Balance per company records	NONE
DWR Cymru	PO Box 690			Cardiff	689.08	GBP	Balance per company records	NONE
EDMUNDSON ELECTRICAL LTD	UNIT 19 & 20, CWMDU IND EST.	CARMARTHEN ROAD, GENDROS,		SWANSEA	398.50	GBP	Balance per company records	NONE
EEF Ltd	ENGINEERS HOUSE	THE PROMENADE	CLIFTON DOWN	BRISTOL	-	GBP	Balance per company records	NONE
Ellsworth Adhesives	2 LANGLANDS AVENUE	KELVIN SOUTH BUSINESS PARK		EAST KILBRIDE	1,038.72	GBP	Balance per company records	NONE
ENGIE	NO 1 Leeds,	26 Whitehall Rd		Leeds	-	GBP	Balance per company records	NONE
EUROPA WORLDWIDE GROUP	GREEN COURT,	KINGSWESTON LANE,		AVONMOUTH, BRISTOL	1,566.00	GBP	Balance per company records	NONE
EUROSTAT UK LTD	UNIT 2, CAPITAL COURT	BITTERN ROAD		SOWTON	1,080.49	GBP	Balance per company records	NONE
FACILITIES SERVICE GROUP	2 CLOS HEALY			GOWERTON	147.55	GBP	Balance per company records	NONE
FEDERAL EXPRESS	P O BOX 119	COVENTRY		Coventry	1,655.83	GBP	Balance per company records	NONE
Fisher Services Limited	Riggs Place			Cupar	4,236.10	GBP	Balance per company records	NONE
FORMAGRIND PRECISION ENGIN	UNIT 10	MILLAND ROAD INDUSTRIAL ESTATE		NEATH	29,590.51	GBP	Balance per company records	NONE
FORWARD WASTE MANAGEMENT	FORWARD HOUSE,	EAST MOORS ROAD,		CARDIFF	14,555.39	GBP	Balance per company records	NONE
GRENKE LEASING LT	SAXON HOUSE,	3 ONSLOW STREET,		GUILDFORD, SURREY	-	GBP	Balance per company records	NONE
HETABEL LTD	THE PICTUREDROME	102-104 CHESTERGATE		MACCLESFIELD	105.60	GBP	Balance per company records	NONE
HORTECH LTD	THE LONG BARN,	MODDERSHALL,	STONE		1,728.00	GBP	Balance per company records	NONE
INGERSOLL-RAND UK LTD	HARROW HOUSE,	BESSEMER ROAD,		BASINGSTOKE	1,689.60	GBP	Balance per company records	NONE
INGUN (UK) LIMITED	FIRST FLOOR,	CENTRUM HOUSE, 15	WOODLEY,	READING	3,553.44	GBP	Balance per company records	NONE
INSIGHT DIRECT (UK) LTD	TECHNOLOGY BUILDING	HEADLEY ROAD,	TERRY STREET	Sheffield	-	GBP	Balance per company records	NONE
JAS FORWARDING(UK) LTD	CARGO POINT,	BEDFONT ROAD,	STANWELL		8,408.16	GBP	Balance per company records	NONE
JPR PHOENIX LTD	PENALLTA INDUSTRIAL ESTATE,	HENGOED			826.80	GBP	Balance per company records	NONE
Keyence	219-225 AVEBURY BOULVARD			MILTON KEYNES	4,398.00	GBP	Balance per company records	NONE
KINTETSU WORLD EXPRESS LTD	L1 THE LEVELS	CAPITAL BUSINESS PARK		CARDIFF	1,503.89	GBP	Balance per company records	NONE
KUEHNE & NAGEL LTD	THIRD WAY			AVONMOUTH	2,823.20	GBP	Balance per company records	NONE
MEDICASH	N.A. LONDON				986.05	GBP	Balance per company records	NONE
MOUSER ELECTRONICS	LONDON OFFICE,	ARTISAN BUILDINGSUITE C,FIRST FLOOR		HILLBOTTOM RD, HIGH WYCOMBE	1,218.90	GBP	Balance per company records	NONE
NOLAN TRANSPORT	OAKLANDS	NEW ROSS		NEW ROSS	3,113.10	GBP	Balance per company records	NONE
NORDSON UK LTD	25 FARADAY ROAD	RABANS LANE	INDUSTRIAL AREA	AYLESBURY	2,565.72	GBP	Balance per company records	NONE
ORSTED LTD	5 HOWICK PLACE,	LONDON			125.00	GBP	Balance per company records	NONE



List of Company Creditors

PANASONIC INDUSTRY EUROPE	GMBH (UK BRANCH) UNIT 2, SWANSEA ENTERPRISE ZONE	PANASONIC HOUSE	WILLOUGHBY RD	BRACKNELL	-	GBP	Balance per company records	NONE
PC WORLD BRANCH 0747		ST. DAVIDS EST.	VALLEY WAY	Swansea	0.01	GBP	Balance per company records	NONE
PHS Group Plc	Western Industrial Estate			Caerphilly	208.00	GBP	Balance per company records	NONE
PITNEY BOWES PITNEY BOWES PURCHASE POWR	CUSTOMER PAYMENTS BUILDING 5, TRIDENT PLACE	BUILDING 5, TRIDENT PLACE	MOSQUITO WAY	Hertfordshire	-	GBP	Balance per company records	NONE
R.S. COMPONENTS	TRADING COUNTER	MOSQUITO WAY Unit D8 Forrest Court, Main Avenue	TREFOREST IND ESTATE	HATFIELD	105.00	GBP	Balance per company records	NONE
REEL SERVICE LIMITED	55 NASMYTH ROAD	SOUTHFIELD IND ESTATE		PONTYPRIDD	2,781.54	GBP	Balance per company records	NONE
RENOVOTEC LTD	WHITWOOD LODGE	WHITWOOD LANE		GLENROTHES	5,351.53	GBP	Balance per company records	NONE
RENTOKIL PEST CONTROL	CASTLEGATE HOUSE	CASTLEGATE WAY,	DUDLEY	WAKEFIELD	679.20	GBP	Balance per company records	NONE
SAGE UK LTD	NORTH PARK	GOSFORTH		West Midlands	522.50	GBP	Balance per company records	NONE
SEVERN TRENT WATER	CUSTOMER RELATIONS,	PO BOX 5310		NEWCASTLE UPON TYNE	714.00	GBP	Balance per company records	NONE
SG EQUIPMENT FINANCE LTD,	5 KEW ROAD,	RICHMOND,		COVENTRY	-	GBP	Balance per company records	NONE
SMART SOLUTIONS	RALEIGH HOUSE	LANGSTONE BUS. PARK		SURREY	472.01	GBP	Balance per company records	NONE
Solutions in Technology	Raglan House	Llantran Park		LANGSTONE	38,999.97	GBP	Balance per company records	NONE
THE WORD DIRECT LTD	1 DENVALE TRADE PARK	OCEAN WAY		Cwmbran	199.53	GBP	Balance per company records	NONE
TNT COURIERS	PO BOX 186	RAMSBOTTOM		Cardiff	24.00	GBP	Balance per company records	NONE
TPL LABELS LTD	18 SINGER ROAD	KELVIN ESTATE BELLBROOK INDUSTRIAL PARK	EAST KILBRIDE	BURY	1,965.63	GBP	Balance per company records	NONE
TR FASTENINGS LTD.	TRIFAST HOUSE	BLACKBUSHE BUSINESS PARK		Glasgow	261.36	GBP	Balance per company records	NONE
TRESCAL LTD	SAXONY WAY 14 TROSTRE INDUSTRIAL PARK			UCKFIELD	13,197.84	GBP	Balance per company records	NONE
TRIDENT ENGINEERING				YATELEY	-	GBP	Balance per company records	NONE
UNIVERSAL INST. CORP	33 Broome Corp Parkway	Conklin South	Conklin	LLANELLI	5,725.20	GBP	Balance per company records	NONE
UPS	UPS HOUSE, FOREST ROAD	FELTHAM		NEW YORK	-	GBP	Balance per company records	NONE
V TECH SMT LTD VIDEOJET TECHNOLOGIES LTD	VISION HOUSE	BANDEATH IND EST		Middlesex	8,207.01	GBP	Balance per company records	NONE
VODAFONE	4 & 5 ERMINE CENTRE	LANCASTER WAY		THROSK	3,155.86	GBP	Balance per company records	NONE
VTM (UK) LTD	PO BOX 549	CROYDON		Huntingdon	-	GBP	Balance per company records	NONE
WM XPRESS VANS	IRVIN HOUSE, ICKNIELD WAY, FLAT 9, 686-688 MUMBLES ROAD	LETCHWORTH GARDEN CITY,		Surrey	1,115.38	GBP	Balance per company records	NONE
ZURICH ASSURANCE LTD	THE GRANGE,	MERMAIDS RETREAT	MUMBLES ROAD	HERTFORDSHIRE	115.20	GBP	Balance per company records	NONE
		BISHOPS CLEEVE,		Swansea	684.00	GBP	Balance per company records	NONE
				CHELTENHAM	-	GBP	Balance per company records	NONE
<b>US Dollar Creditors</b>								
ARROW ELECTRONICS(UK)LTD	LONDON ROAD CAMPUS	LONDON ROAD		HARLOW	241,302.07	USD	Balance per company records	NONE
B&T ENTERPRISE LTD CIRCUITRONIX(HONG KONG)LTD	NO 55, SECOND INDUSTRIE6 UNIT NO. 15 7TH FLOOR	HOUTING VILLAGE BLOCK A, PO LUNG CENTRE	SHAJING TOWN NO. 11 WANG CHUI ROAD	BAOAN DISTRICT	7,200.00	USD	Balance per company records	NONE
DRESDEN INDUSTRIAL - RIDGE	95 ERIE STREET SOUTH			KOWLOON	-	USD	Balance per company records	NONE
INFASTECH	DECORAH OPERATIONS	1302 KERR DRIVE		RIDGETOWN	714.42	USD	Balance per company records	NONE
INSETO (UK) LTD KESTREL INTERNATIONAL CIRC	UNIT 25 FOCUS 303	FOCUS WAY		DECORAH	5,192.00	USD	Balance per company records	NONE
MICROSEMI MACAU	8 COMMERCE WAY MICROSEMI COMERCIAL OFFSHORE LTD	AVENIDA DA PRAIA GRANDE NO. 594 M00 6 T.MABYANGPORN AMPHUR	EDIFICIO BCM, A17	ANDOVER	5,453.75	USD	Balance per company records	NONE
NISSHO SEIKO LTD	7/225 AMATA CITY IND EST			LANCING	113,815.14	USD	Balance per company records	NONE
OCHIA USA	640-B POND DRIVE			Macau	76,590.00	USD	Balance per company records	NONE
OLE WOLFF ELECTRONICS	3 BEDFORD STREET	WOBURN		PLUAKDAENG	81,434.40	USD	Balance per company records	NONE
				WOOD DALE	3,045.24	USD	Balance per company records	NONE
				MILTON KEYNES	38,653.44	USD	Balance per company records	NONE

List of Company Creditors

PARKER HANNIFIN GMBH	ENGINEERED MATERIALS GROUP EUROPE	SERVICE CENTER AUTOMOTIVE	GERMANY ARNOLD-JAGER- STR.1	BIETIGHEIM-BISSINGEN	5,316.00	USD	Balance per company records	NONE
PROPRINT A/S	EQEBIERAVEI 204			HORSEN	7,050.00	USD	Balance per company records	NONE
SUMITOMO BAKELITE EUROPE N	HENRY FORDLAAN 80			GENK	88,110.00	USD	Balance per company records	NONE
UNIVERSAL	PO BOX 825	BINGHAMTON		NEW YORK	25,911.46	USD	Balance per company records	NONE
<b>Intergroup Debts</b>								
KSR INTERNATIONAL CO.	PO BOX 1060	95 ERIE STREET SOUTH		RIDGETOWN	5,808,439.17	CAD	Balance per company records	NONE
KSR INDUSTRIAL, S.R.O.	TESINSKA 2929/79/A			OPAVA	389.53	GBP	Balance per company records	NONE
KSR INDUSTRIAL CORP	26261 EVERGREEN ROAD,	SUITE 415,	SOUTHFIELD,	MICHIGAN	208,175.96	USD	Balance per company records	NONE
KSR INTERNATIONAL CO.	PO BOX 1060	95 ERIE STREET SOUTH		RIDGETOWN	327,226.46	USD	Balance per company records	NONE
KSR IP HOLDINGS LLC	95 ERIE STREET SOUTH			SOUTH RIDGETOWN	1,388,158.62	USD	Balance per company records	NONE
KSR UK LLC - Notes Payable					461,169.45	GBP	Balance per company records	NONE
KSR INTERNATIONAL CO. - Notes Payable	PO BOX 1060	95 ERIE STREET SOUTH		RIDGETOWN	7,591,944.44	GBP	Balance per company records	NONE

Note: The list of creditors has been compiled using the most up to date information available in the Company's records as well as some figures from the management accounts at 30 November 2019, so it will vary from the figures noted in the Estimated Statement of Financial Position.

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## Notice to creditors – invitation to form a creditors’ committee

### Rule 3.39, Insolvency (England and Wales) Rules 2016

Name of court: High Court of Justice, Business and Property Courts of England and Wales (Manchester)

Case number: CR-2020MAN000054

Registered name of the company: KSR Electronic Systems Limited

Other trading name(s) or style(s) of the company: N/A

Registered number: 03648720

Registered office address: c/o Ernst & Young LLP, The Paragon, Counterslip, Avon, Bristol, BS1 6BX

Principal trading address (if different from above): Heol Y Ddraig, Penllergaer Business Park, Swansea, SA4 9HL

Date on which the company entered administration: 27 January 2020

Date of appointment of joint administrators: 27 January 2020

#### Details of the joint administrators

Lucy Winterborne Ernst & Young LLP The Paragon Counterslip Avon, Bristol BS1 6BX	Daniel Christopher Hurd Ernst & Young LLP No 2 Colmore Square Birmingham B4 6HQ
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Office holder numbers:  
21130 20030

Telephone number: 0161 234 0510

#### **Invitation to form a creditors’ committee**

Creditors are invited to decide whether a creditors’ committee should be formed if sufficient creditors are willing to be members of the committee. Information on the role of committees can be found at <https://www.r3.org.uk/media/documents/publications/professional/R3%20Guide%20to%20Creditors%20Committees.pdf>.

To be validly established, a committee must have at least three and not more than five members, who must have agreed to act.

Should you wish to form a committee, please follow the instructions in the nomination form attached to this notice and return the completed nomination form, with written agreements to act where appropriate, to me at the above address to arrive no later than 7 April 2020. Nominations can only be accepted if I am satisfied as to the creditor's eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Signed  
Lucy Winterborne  
Joint Administrator



Date

20 March 2020

# KSR Electronic Systems Limited (in Administration)

## Nominations for creditors' committee

*You may nominate up to five creditors of the company. Please note that before a person can act as a member of a creditors' committee that person must agree to do so.*

*In the event that more than five valid nominations are received, the five receiving the most votes will be appointed.*

*When you have completed this form, please return it with the creditor's written agreement to act (unless you are nominating yourself or your own organisation) to Lucy Winterborne at Ernst & Young LLP, The Paragon, Counterslip, Avon, Bristol, BS1 6BX to arrive no later than the closing date stated on the notice of invitation to form a committee.*

I nominate:

(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_  
\_\_\_\_\_

(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_  
\_\_\_\_\_

(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_

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(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_

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(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_

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to be appointed as (a) member(s) of the creditors' committee.

Signature \_\_\_\_\_

Name of signatory \_\_\_\_\_

On behalf of  
(name of creditor) \_\_\_\_\_

Date \_\_\_\_\_

## Notice to creditors of deemed consent

### Paragraph 51 of Schedule B1 to the Insolvency Act 1986 and Rules 3.38, 15.7 and 15.8 of the Insolvency (England and Wales) Rules 2016

Name of court: High Court of Justice, Business and Property Courts of England and Wales (Manchester)

Case number: CR-2020MAN000054

Registered name of the company: KSR Electronic Systems Limited

Other trading name(s) or style(s) of the company: N/A

Registered number: 03648720

Registered office address: c/o Ernst & Young LLP, The Paragon, Counterslip, Avon, Bristol, BS1 6BX

Principal trading address (if different from above): Heol Y Ddraig, Penllergaer Business Park, Swansea, SA4 9HL

Date on which the company entered administration: 27 January 2020

Date of appointment of joint administrators: 27 January 2020

#### Details of the joint administrators

Lucy Winterborne Ernst & Young LLP The Paragon Counterslip Avon, Bristol BS1 6BX	Daniel Christopher Hurd Ernst & Young LLP No 2 Colmore Square Birmingham B4 6HQ
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Office holder numbers:  
21130 20030

Telephone number: 0161 234 0510

Name of alternative person to contact about the administration: Oliver Charlesworth

NOTICE IS HEREBY GIVEN that the joint administrators of the above-named company are seeking approval of their proposals dated 19 March 2020 by deemed consent.

Creditors will be deemed to have consented to the approval of the proposals unless by the end of 7 April 2020 (**the decision date**) at least 10% in value of creditors who would be entitled to vote in a qualifying



decision procedure have objected to approval and their objections have been made in accordance with the procedure set out below.

### **Objections**

Any creditor wishing to object to the proposed decision to approve our proposals – including any creditor who has opted out from receiving notices about the administration - must deliver to me, at the above address, a notice stating that the creditor so objects. The notice must be delivered to me at the above address not later than the end of **the decision date** together with a proof in respect of the creditor's claim which complies with the requirements of Rules 15.28 to 15.35 of the Insolvency (England and Wales) Rules 2016 failing which the objection will be disregarded.

Please note that creditors whose debts may be treated as small debts in accordance with Rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must still deliver a proof of claim if they wish to object.

It is my responsibility, as joint administrator convening the deemed consent procedure, to aggregate any objections to see if the threshold is met for the decision to be taken as not having been made.

If the threshold is met the deemed consent procedure will terminate without a decision being made on the proposals and if a decision is sought again on the same matter it will be sought by a decision procedure.

### **Requests for a physical meeting to be held**

Creditors who meet the thresholds in s.246ZE(7) of the Insolvency Act 1986, namely 10% in value of creditors, 10% in number of creditors or 10 creditors, may, within five business days from the date of delivery of this notice, make a request to me in writing for a physical meeting of creditors to be held to consider the approval of our proposals.

Signed  
Lucy Winterborne  
Joint Administrator



Date

20 March 2020