

TO ALL KNOWN CREDITORS

8 October 2020

Ref: APW/ST/AE/SLBE/PCF
Direct line: 0161 333 2795
aeliades@uk.ey.com

Dear Sirs

**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 2020 to 8 September 2020 ('**the Period**') and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 17 March 2020 ('**the Proposals**').

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

Summary of progress during the Period

Approval of the Proposals

The Proposals were issued to the Company's creditors on 17 March 2020.

As detailed in the Proposals, we are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part and consequently, in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986, we did not seek a decision of the creditors on the approval of the Proposals.

As no request for a decision procedure was received from creditors, the Proposals were deemed to have been approved on 30 March 2020.

Sale of business and assets

As detailed in the Proposals on 9 March 2020 the Joint Administrators' completed a sale of the Company's business and assets to TSP Engineering Limited (formerly Jingye Steel (UK) Engineering Limited) ('**the Purchaser**') for a total consideration of £3 million.

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 redundancies, no changes to their terms and conditions and no impact on pension contributions.

Novation of Customer Agreements

During the Period, the Joint Administrators have been working with the Purchaser and their legal advisors to novate active customer agreements to the Purchaser.

One customer agreement remains to be novated and it is anticipated that this will be concluded by December 2020.

Taxation

We have instructed EY tax specialists to prepare the required corporation tax returns for the Company and this work remains ongoing.

The required VAT returns have been submitted by the Administrators during the Period and refunds claimed, where applicable. The Joint Administrators will shortly file a final VAT return and close the Company's VAT registration.

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 2020 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

Investigation into the conduct of directors

We have concluded our investigations into the Company's affairs, in accordance with Statement of Insolvency Practice Number 2 (Investigations by Office Holders), and the Company Directors Disqualifications Act 1986, with the necessary return made to the Insolvency Service.

The Joint Administrators can advise that no investigations are continuing in this respect and no third-party funding has been provided.

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 charged remuneration of £143,787.50. Of this sum, £143,787.50 plus VAT has been paid.

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.

Our remuneration is not expected to exceed the amount provided for in the fee estimate.

Joint Administrators' statement of expenses incurred

During the period covered by this report, we have incurred expenses totalling £50,008.30 plus VAT. There is a breakdown of expenses incurred the Period at Appendix 3 of this report.

The Joint Administrators have also incurred £414.50 of expenses in relation to bonding and statutory advertising. These costs have not been charged to the Administration during the Period.

Pre-Administration costs

As set out in the Proposals we incurred pre-Administration costs of £294,507.00 plus VAT. The payment of unpaid pre-Administration costs as an expense of an Administration is subject to Rule 3.52, meaning payment must be approved separately from the proposals.

We sought permission from the secured creditors to pay pre-Administration costs as an expense of the Administration and received approval on 5 June 2020. During the Period, the Joint Administrators received payment of £107,519.50 plus VAT for costs relating to the pre-Administration period.

Distributions to creditors

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.

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:

- ▶ Novation of the remaining customer agreement;
- ▶ Preparing and filing corporation and VAT returns and finalising all taxation matters;

- ▶ 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 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 2020
- 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 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.

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:	0161 333 2795
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 2020

Statement of affairs estimated to realise (£) 1,2		Period from 9 March 2020 to 8 September 2020 (£)
	Fixed charge receipts	
1,750,001.00	Land and Buildings	1,750,001.00
386,338.73	Plant and Machinery	386,338.73
2.00	Intellectual Property and Goodwill	2.00
		<u>2,136,341.73</u>
	Distributions to creditors	
	Secured Creditors	<u>(2,136,341.73)</u>
		(2,136,341.73)
	Floating charge receipts	
637,379.76	Cash at Date of Appointment	637,379.76
35,000.00	Plant, Machinery and Equipment	35,000.00
40,000.00	Stock	40,000.00
151,275.51	Debtors and Prepayments	151,275.51
3.00	3 Other Realisations	3.00
4	4 Bank Interest	975.01
		<u>864,633.28</u>
	Floating charge payments	
	Legal Fees	(50,000.00)
	Administrators Fees	(251,307.00)
	Bank Charges	(8.30)
		<u>(301,315.30)</u>
	Distributions to creditors	
	Secured Creditor	<u>(421,926.62)</u>
		(421,926.62)
	Balances in hand	<u>141,391.36</u>
	Represented by:	
4	Cash at Bank	81,129.96
	VAT Receivable	60,261.40
		<u>141,391.36</u>

Notes

- 1 This receipts and payments account is shown net of VAT.
- 2 This receipts and payments account has been prepared on a cash basis and does not reflect future estimated receipts and payments.
- 3 Made up of the consideration received from the Purchaser for Business Contracts, IT and Business Claims
- 4 All funds were held in interest bearing accounts during the Period.

SLBE Limited (in Administration)

Summary of Joint Administrators' expenses incurred

Type of Expense	Per Estimate Dated 17 March 2020	Paid in period to 8 September 2020	Estimated outstanding	Total
Payments made from the estate which are not disbursements^{1,2}	£	£	£	£
Legal Fees	100,000.00	50,000.00	Nil	50,000.00
Bank Charges	100.00	8.30	Nil	8.30
Total	100,100.00	50,008.30	Nil	50,008.30
Category 1 disbursements²				
Bonding ³	320.00	Nil	320.00	320.00
Postage and Printing	300.00	Nil	300.00	300.00
Statutory Costs ³	500.00	Nil	500.00	500.00
Total	1,120.00	Nil	1,120.00	1,120.00

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 £414.50 of expenses in relation to bonding (£320) and statutory advertising (£94.50). 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 2020 and a comparison with the fee estimate dated 17 March 2020

	Per Fee Estimate			Actual in this report period		
	Total hours	Total costs (£)	Average rate (£)	Total hours	Total costs (£)	Average rate (£)
Administration & Planning	79.5	25,000.00	314	49.4	19,531.00	395
Creditors	20.0	8,355.00	418	13.6	12,654.50	930
Employees	16.0	7,025.00	439	4.4	2,760.00	627
Environmental Issues	-	-	-	0.5	237.50	475
Immediate Tasks	6.0	2,905.00	484	4.0	4,580.00	1,145
Investigation & CDDA	79.0	32,720.00	414	59.3	22,432.50	378
Other Matters	6.0	2,905.00	484	8.3	3,927.50	473
Property	10.0	5,680.00	568	4.0	3,095.00	774
Reporting	67.5	29,795.00	441	27.1	12,642.00	466
Statutory Duties	77.0	33,195.00	431	132.7	64,478.50	486
VAT & Taxation	53.0	27,420.00	517	13.5	7,496.50	555
Total	414.0	175,000.00	423	316.8	153,835.00	486

	Staff Grade				Total Hours	Total Cost £	Average Rate £
	Associate Partner	Manager	Executive	Analyst			
Administration & Planning	0.5	15.0	24.5	9.4	49.4	19,531.00	395
Creditors	9.3	3.8	0.5	-	13.6	12,654.50	930
Employees	1.0	3.4	-	-	4.4	2,760.00	627
Environmental Issues	-	0.5	-	-	0.5	237.50	475
Immediate Tasks	4.0	-	-	-	4.0	4,580.00	1,145
Investigation & CDDA	3.0	9.3	18.0	29.0	59.3	22,432.50	378
Other Matters	-	6.8	1.5	-	8.3	3,927.50	473
Property	2.0	-	2.0	-	4.0	3,095.00	774
Reporting	5.1	-	7.5	14.5	27.1	12,642.00	466
Statutory Duties	15.3	72.9	2.5	42.0	132.7	64,478.50	486
VAT & Taxation	-	6.3	7.2	-	13.5	7,496.50	555
Total Hours	40.2	118.0	63.7	94.9	316.8		
Time Costs (£)	46,166.50	57,953.00	24,120.50	25,595.00		153,835.00	
Average Hourly Rate (£)	1,148	491	379	270		486	

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.
Creditors	<ul style="list-style-type: none"> ▶ Receipt and recording of creditor claims. ▶ Correspondence with creditors. ▶ Processing distributions to the secured creditors.
Employees	<ul style="list-style-type: none"> ▶ Writing to employees regarding TUPE related matters. ▶ Dealing with any employee enquiries.
Environmental Issues	<ul style="list-style-type: none"> ▶ Liaising with Environmental Resources Management to transfer permits
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.
Investigations & CDDA	<ul style="list-style-type: none"> ▶ Investigations into the Companies' 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.
Other Matters	<ul style="list-style-type: none"> ▶ Dealing with any assets owned by third parties. ▶ Recovery of the Companies' physical books and records, and electronic records (including a back-up of company servers and systems).
Property	<ul style="list-style-type: none"> ▶ Pursuing the strategy to realise value from the Companies' leasehold interests. ▶ Dealing with landlord enquiries regarding the property interests.
Reporting	<ul style="list-style-type: none"> ▶ Regular reporting to the Companies' secured creditors. ▶ Preparing the Joint Administrators' Statement of Proposals.
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.
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.