

Rule 1.29/1.54

**The Insolvency Act 1986**

**Notice to Registrar of Companies of  
Completion or Termination of  
Voluntary Arrangement**

**R.1.29/  
R.1.54**

**Pursuant to Rule 1.29 or Rule 1.54 of the  
Insolvency Rules 1986**

To the Registrar of Companies

**For Official Use**

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**Company Number**

05871176
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**Name of Company**

(a) Insert full name of  
Company

Scarborough Power Limited
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(b) Insert full name and  
Address

I Christopher J Brown  
Hart Shaw LLP  
Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

(c) Insert date

(d) Delete as applicable

the supervisor of a voluntary arrangement which took effect on 8 April, 2009 enclose a copy of my notice to the creditors and members of the above-named company that the voluntary arrangement has been completed, (d) together with a report of my receipts and payments

Signed



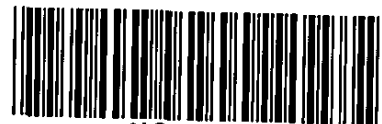
Date

12 July 2011

Presenter's name,  
address and reference  
(if any)

S94109  
Scarborough Power Limited

Andrew J Maybery  
Hart Shaw LLP  
Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

<b>For Official Use</b>	
Liquidation Section	Post Room
<div style="background-color: black; color: white; padding: 5px; writing-mode: vertical-rl; transform: rotate(180deg);">WEDNESDAY</div>	 *AQZLHVSO* A61      13/07/2011      25 COMPANIES HOUSE

**TO ALL CREDITORS.**

**Our Ref** AJM/CJB/PU/S94109/E

**Your Ref**

12 July 2011

Dear Sirs,

**Re: Scarborough Power Limited - Under a Voluntary Arrangement  
Leeds District Registry No 992 of 2009**

I enclose a Notice of Implementation of the Company Voluntary Arrangement of Scarborough Power Limited and my final Report in respect of the above matter for your perusal

Yours faithfully,  
for and on behalf of Scarborough Power Limited - Under a Voluntary Arrangement



Christopher J Brown  
Joint Supervisor

Enc

When telephoning please contact Paula Uttley



COMPANIES HOUSE

**LEEDS DISTRICT REGISTRY**

**CVA NO 992 OF 2009**

**IN THE MATTER OF SCARBOROUGH POWER LIMITED**

**To All Creditors**

**NOTICE IS HEREBY GIVEN**, pursuant to Rule 1 29 of the Insolvency Rules 1986, that the above Company Voluntary Arrangement, as approved by creditors on 8 April 2009, has been fully implemented



**Christopher J Brown**  
**Joint Supervisor**

12 July, 2011

**IN THE MATTER OF SCARBOROUGH POWER LIMITED  
("THE COMPANY")**

**REPORT OF THE SUPERVISOR  
pursuant to Rule 1.29 of the Insolvency Rules 1986**

**Introduction.**

The Company Voluntary Arrangement was approved by creditors at a meeting of creditors held on 8 April, 2009

**The Voluntary Arrangement**

As you are aware, the terms of the proposal were such that the Company continue to trade, that the duration of the arrangement be 24 months, or such longer time as is necessary to enable the Joint Supervisors to collect and distribute all assets and that the Company make the following income contributions to the scheme fund for the benefit of creditors

- Within three months of the approval of the Arrangement, the Company was to pay £420,000 into the scheme funds, from which, at their discretion, the Joint Supervisors were to pay an interim dividend of a maximum of 25 pence in the pound. This contribution was to be made up of public funding of £225,000, which was due to be paid to the Company by the end of April 2009, with the balance to come from the shareholders and or the Company's cash at bank
- The profits generated by the Company in the year ending 31 March 2010 were to be paid to the scheme fund immediately following the Joint Supervisors approval of the year end accounts, to be calculated by the Company accountant as soon as practicable after the year end. It was anticipated that these profits would enable a further dividend of 18 pence in the pound to be paid to creditors

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As you are also aware, at the initial meeting of creditors, a number of modifications were proposed by a number of creditors, some of which were acceptable to the directors and others of which were not. After discussions the meeting was adjourned for a short while to enable the creditors present to discuss the modifications that they wished to propose. Accordingly, certain modifications were then proposed and accepted by the directors such that the profits generated in the year ending 31 March 2011 also be paid into the scheme fund, up to a maximum sum which would enable a dividend of 18 pence in the pound to creditors, that the Term of the Arrangement be 30 months and that failure to pay a minimum dividend of 43 pence in the pound was to constitute a default incapable of being remedied.

Following the approval of the CVA the Company received the anticipated DEFRA funding in the sum of £237,440.87 and these funds were paid into the scheme fund on 24 June 2009. Then, the balance of funds required in order to pay the first interim dividend of 25 pence in the pound and certain costs were paid into the scheme fund by the Company, those funds having been raised by the shareholders. Accordingly on 29 July 2009 £254,408.00 was received and the first interim dividend of 25 pence in the pound paid.

As you are aware, at the time of the approval of the CVA, the Company was hopeful that it would be able to move relatively quickly towards a position of continuous operation at the plant, despite having previously identified several design deficiencies. However, this proved to be optimistic as the full scale of the problems subsequently became apparent. By the summer of 2009, the Company concluded that without a substantial redesign and without changing various items of equipment, the plant could not be made to work on a continuous basis. In order for this to be achieved, the Company needed to raise additional funding. The directors of the Company identified International Power Plc ("International Power") as a possible partner and in early 2010 a deal was concluded. International Power made a loan to the Company which was solely to be used in getting the plant operational. During the latter part of 2009, Gem Operations International Limited, an associated company, at its own expense redesigned various parts of the plant and once the loan was received by the Company from International Power, the required remedial works were commenced. Some commissioning work at the plant was carried out during April 2010, however some operational issues remained. Further modifications and testing had been carried out in May 2010 and it was hoped that full commissioning could be carried out before the end of June 2010, following which the plant was expected to move towards continuous operation.

The Joint Supervisors received the accounts for the year ending 31 March 2010 and, as anticipated, due to the fact that the plant had not been operational, no profits were generated by the Company in that year. As you are aware, it was originally anticipated that profit from this year would enable a further dividend of 18 pence in the pound to be paid to creditors. However, no further dividend could be paid.

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In August 2010 it became apparent that the inner vessel of the convertor (the main piece of equipment) had suffered from structural cracking due to incorrect material selection and a number of design faults. This made it unsafe to operate the plant without a replacement inner vessel made of material with a substantially higher thermal tolerance. At about this time International Power became the subject of a takeover bid and for this and other reasons International Power declined to provide any further support or funds for the project.

Since International Power withdrew towards the end of 2010 the Company had been unsuccessfully trying to find another backer. A detailed budget was prepared by the Company which showed that a minimum of £2.5M was required to deal with essential modifications to the plant and cover the monthly running costs. Despite considerable efforts the Company had no success in securing any additional funding. The directors believed that there was no realistic chance of securing any funding for the Company for so long as it remained in the CVA and, even if the Company successfully exited the CVA, it would remain very difficult for the Company to secure any meaningful funding as, excluding the CVA creditors, the Company has outstanding loans of over £7M, which includes circa £1.2M to International Power.

The directors believed that they should try and keep the Company alive in the hope that at some future time appropriate funding can be secured. The plant was therefore in the process of being mothballed and all but two of the Company's employees had been made redundant. The Company sought assistance from its shareholders one of whom agreed to make available a loan which would allow the Company to propose a modification to the Terms of the Arrangement such that a further dividend of 9p in the pound be paid to creditors in full and final settlement of their claims.

As you are aware, a meeting of creditors was convened for 17th May 2011 at which creditors considered and approved the following resolution:

"The Company pay funds to the Scheme Fund to allow a second and final dividend of 9 pence in the pound to be paid immediately to creditors following which the Company Voluntary Arrangement will be brought to a successful conclusion and that failure to pay a minimum dividend of 43 pence in the pound to creditors does not constitute a default incapable of being remedied."

Following the creditors meeting above, the balance of funds required in order to pay the second and final dividend of 9 pence in the pound and certain costs were paid into the scheme fund by the Company, those funds having been raised by a shareholder. Accordingly on 20<sup>th</sup> May 2011, £148,067.26 was received.

The second and final equalising dividend of 9 pence in the pound was declared on 23 May 2011, following which the CVA has been fully implemented.

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All monies received have been held in an interest bearing account and gross interest of £34.32 has been received

### **Creditor Claims.**

There are no preferential claims in this matter

Claims from non-associated non-preferential creditors total £1,765,936 of which £1,668,871 has been admitted and £97,065 rejected

### **Dividends.**

It was not necessary for me to consider whether, by virtue of Section 176A of the Insolvency Act 1986, as amended, the Prescribed Part applied in this case

On 16<sup>th</sup> July 2009 a first interim dividend of 25 pence in the pound was declared. The majority of creditors were paid the first interim dividend on 29<sup>th</sup> July 2009, and others have been paid it subsequently on 20 August 2009, 14 December 2009, 26 April 2010 and 17 November 2010, as their claims have been admitted

Following the meeting of creditors held on 17<sup>th</sup> May 2011, a second and final equalising dividend of 9 pence in the pound was declared on 23 May 2011 and paid on 26 May 2011.

One admitted claim in the sum of £288,829 was paid the first interim dividend of 25 pence in the pound but did not take part in the second and final dividend pursuant to a Settlement Agreement dated 4 August 2010

### **General.**

The Company Voluntary Arrangement provided for the Joint Nominees to be paid the sum of £15,000 plus VAT plus disbursements plus VAT and for the Joint Supervisors to be paid on a time cost basis. These time costs total £44,497.15 amounting to 237.40 hours of chargeable time and to date £44,440.55 has been drawn in remuneration

In accordance with the provisions of SIP9 which came into effect on 1<sup>st</sup> January 2003, below is a summary of the time spent by the Joint Liquidators and their staff in dealing with this case and a summary of disbursements paid.

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**Summary of Time Costs.**

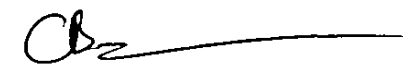
Classification Of Work Function	Hours			Total Hours	Total Time Costs £	Average Hourly Rate £
	Partner	Manager / Senior	Junior / Support			
Administration & Planning	36.85	43.70	18.40	98.95	20,595.00	208.14
Investigations	-	-	-	-	-	-
Realisation of Assets	3.05	2.00	0.20	5.25	1,247.10	237.54
Trading	-	-	-	-	-	-
Creditors	10.80	77.50	44.90	133.20	22,655.05	170.08
<b>Total</b>	<b>50.70</b>	<b>123.20</b>	<b>63.50</b>	<b>237.40</b>	<b>44,497.15</b>	<b>187.44</b>

**Summary of Category 2 disbursements for services provided by Hart Shaw.**

Classification Of Expenses	Rate.	Total
Photocopying	4 pence per sheet for circulars and other bulk copying	796.20
Mileage	Up to 40 pence per mile	
Document Storage	£5 per bankers box per year.	
<b>Total</b>		<b>796.20</b>

Appended to this Report is a final Summary Receipts and Payments Account to 12 July 2011

A copy of this Report will be filed at Leeds District Registry

  
 Christopher J Brown  
 Joint Supervisor

12 July, 2011



**SCARBOROUGH POWER LIMITED - IN COMPANY VOLUNTARY ARRANGEMENT  
("THE COMPANY")**

**FINAL RECEIPTS AND PAYMENTS ACCOUNT TO 12 JULY 2011**

	£	£	£
	Statement of Affairs as at 23.03.2009	Total as at 12.07.2011	Period 08.04.2011 to 12.07.2011
<b>Receipts</b>			
Voluntary Contribution	420,000 00	639,916 13	148,067 26
Estimated Contribution from Profits	314,000 00	0 00	0.00
Bank Interest Net of Tax	n/a	34 32	4 79
	<u>734,000 00</u>	<u>639,950.45</u>	<u>148,072 05</u>
<b>Payments</b>			
Room Hire		259 18	0 00
Petitioners Costs		1,308.00	0 00
Specific Bond		840.00	0 00
Preparation of Statement of Affairs		15,000.00	0 00
Supervisors Remuneration		44,440 55	16,040 55
Agent / Valuers Fees - Charterfields (1)		2,800.00	0.00
Agent / Valuers Fees - Charterfields (2)		2,180 00	2,180 00
Legal Fees		16,738.20	3,914 20
Postage		255.99	255 99
Photocopying		796.20	796 20
Company Search		5 00	5 00
First Interim Distribution to Creditors - 25p in £		414,155 84	0 00
Second & Final Distribution to Creditors - 9p in £		127,265 58	127,265 58
VAT Refund Retained by Company		6,637.98	0 00
VAT Receivable - To be Claimed and Retained by Company		7,262 41	7,262 41
Funds returned to Company		5 52	5 52
		<u>639,950.45</u>	<u>157,725 45</u>
VAT Receivable			-2,625 00
Balance at Bank			-7,028 40
			<u>148,072 05</u>

**Notes.**

The basis of the office holder's remuneration is disclosed in the main body of the report

The Company is registered for VAT Receipts & Payments have been shown net of VAT and the relevant amount of VAT receivable has either been accounted for and received by the Company as shown above or will be accounted for in due course by the Company and will be retained by the Company as shown above

A first interim dividend to creditors of 25p in the £ was declared on 16 July 2009

A second and final dividend to creditors of 9p in the £ was declared on 23 May 2011

**HART SHAW CHARTERED ACCOUNTANTS.  
BUSINESS RECOVERY & INSOLVENCY.**

**Disclosure Of Charge Out Rates And Disbursements In Accordance With Statement Of  
Insolvency Practice 9 (SIP9).**

**From 1 April 2011.**

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*Charge Out Rates For Staff Who May Be Involved With This Case.*

<b>Grade Of Staff.</b>	<b>Hourly Rate (excluding VAT)</b>
Partner	£290 per hour
Manager	£245 per hour
Senior Administrator	£199 per hour
Junior Administrator	£127 50 per hour
Support Staff	£85 per hour.

Time costs are calculated using 6 minute units

Time spent by support and secretarial staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead of the firm. Only where a significant amount of time is spent at one time on a case is a charge made for support staff

**Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

## Disbursements

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Hart Shaw LLP, in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and company search fees.

Category 2 expenses are incurred by Hart Shaw LLP and recharged to the estate, they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

It is proposed that the following Category 2 disbursements are recovered by Hart Shaw LLP

Type.	Rate (excluding VAT)
Woskow Brown LLP, solicitors	Should this firm of solicitors be instructed then since Christopher Brown, a member in Hart Shaw LLP, is a close relative of members in Woskow Brown LLP then the payment of any fees to Woskow Brown will constitute a category 2 expense for which approval is required. Woskow Brown will apply their normal charge out basis and rates charged to their clients.
Photocopying	10 pence per sheet, but only charged for circulars and other bulk copying.
Mileage	Up to 45 pence per mile depending upon engine capacity.
Meeting Room Hire	£120 for the initial creditors meeting, £60 for subsequent meetings.
Document Storage	£5 per bankers box per month.