

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

| | |
|---|--|
| Name of Company AAG SWEPCO LIMITED | Company number 04814761 |
| In the High Court of Justice, Chancery Division, Leeds District Registry <small>(full name of court)</small> | Court case number 2363 of 2009 |

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)
 Gordon Smythe Goldie
 Tait Walker
 Bulman House
 Regent Centre, Gosforth
 Newcastle upon Tyne
 NE3 3LS

Allan David Kelly

 Bulman House
 Regent Centre, Gosforth
 Newcastle upon Tyne
 NE3 3LS

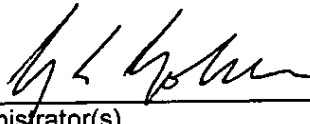
*Delete as applicable

attach a copy of *my/our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) 13 October 2009

Signed



 Joint / Administrator(s)

Dated

13 October 2009

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to researchers of the public record

Gordon Smythe Goldie
 Tait Walker
 Bulman House
 Regent Centre, Gosforth
 Newcastle upon Tyne
 NE3 3LS

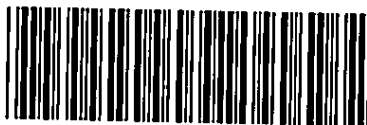
DX Number

0191 285 0321
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Form 2.21B

FRIDAY



AIQ *AN5HXE5Z* 9
 16/10/2009
 COMPANIES HOUSE



TAIT WALKER
CHARTERED ACCOUNTANTS

Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS
Tel [0191] 285 0321 Fax [0191] 284 9117 DX 60368 Gosforth www.taitwalker.co.uk
Our Ref: 10989/GSG/ADK/AL

TO ALL KNOWN CREDITORS

Your Ref:

Date: 13 October 2009

Dear Sirs

AAG SWEPCO LIMITED - In Administration

We refer to our appointment as Joint Administrators of the above named Company on 21 August 2009 and enclose our proposals under Schedule B1 paragraph 49 of the Insolvency Act 1986.

Creditors should note that no initial creditors meeting will be held in relation to this matter, as the Company has insufficient property to enable a distribution to be made to unsecured creditors. However, under Schedule B1 Paragraph 52(2) of the Insolvency Act 1986, the Administrators shall summon an initial creditor's meeting if it is requested by creditors whose debts amount to at least 10% of the total debts of the Company. Any such request should be made, in writing on Form 2.21B, within 12 days of the above date. The expense associated with calling a meeting will be payable by the requesting creditor, and a deposit therein will be required prior to any meeting being called.

If the Administrators are not requested to call a meeting within 12 days of the date of the enclosed report, the proposals will be deemed to have been accepted.

We therefore enclose the following documentation for your attention:-

1. The administrators' proposals for the purpose of achieving the Administration together with a report summarising the events leading up to our appointment; actions we have taken to date as Administrators; and additional information relating to the Company and its finances;
2. A duplicate proof of debt form.
3. Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings.

If you require further information or an explanation of the purpose of the meeting, please contact Andrew Little at the above address.

Yours faithfully
For and on behalf of
AAG SWEPCO LIMITED

Gordon S Goldie & Allan D Kelly
Joint Administrators

The affairs, business and property of the Company are being managed by Gordon S Goldie and Allan D Kelly as Joint Administrators, who act as agents of the Company and without any personal liability

PARTNERS: David R Arthur FCA, Anthony L Crawley FCA, Graham J Moore FCA, Gordon S Goldie FCA FABRP, Mark R C Brunton BSc (Hons) FCA ATII, Michael A Smith BA (Hons) FCA, Andrew J Moorby ACA ATII, Allan D Kelly FCCA MABRP CF, Stephen C Plaskitt BSc (Hons) FCA CF, Brian A Laidlaw BA CA. **ASSOCIATES:** Christopher D Hodgson BA (Hons) ACA ATII, Mavis V Lawley FCCA, Julie Harrison FCA, Lynn Marshall MABRP, Adrienne Paterson ATII, Iain S Richardson BA (Hons) ACA CF, Simon M J Brown BA (Hons) ACA.





TAIT WALKER

CHARTERED ACCOUNTANTS

Proposals

13 October 2009

Summary

Company: AAG SWEPCO LIMITED

Type of Insolvency: Administration

Administrators Appointed: Gordon Smythe Goldie and Allan David Kelly

Date of Appointment: 21 August 2009

Registered Office: Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS

Principal Activity: electrical & mechanical engineers

Dividend Prospects

| | Current Estimate p in £ | Previous Estimate p in £ |
|--------------|----------------------------|-----------------------------|
| Preferential | uncertain | n/a |
| Unsecured | nil | n/a |

Please note that estimated outcomes are illustrative only and are dependant upon asset realisations and creditor claims, and should not be relied upon as guidance to the final outcome for creditors. You should seek your own guidance in respect of any bad debt provision.

AAG SWEPCO LIMITED - In Administration

G S Goldie & A D Kelly appointed Joint Administrators on 21 August 2009

In the High Court of Justice, Chancery Division, Leeds District Registry, case number: 2363 of 2009

Report and Proposals of the Joint Administrators under the provisions of Paragraph 49 of Schedule B1 to the Insolvency Act 1986

The affairs, business and property of the Company are being managed by Gordon S Goldie and Allan D Kelly as Joint Administrators, who act as agents of the Company and without any personal liability

AAG SWEPCO LIMITED - In Administration

Contents

| | |
|----|--|
| 1 | Glossary |
| 2 | Introduction |
| 3 | Statutory & Financial Information |
| 4 | Details of appointment of Joint Administrators |
| 5 | Circumstances giving rise to the appointment of Joint Administrators |
| 6 | The manner in which the Company's affairs and business have been managed and financed during the Administration period |
| 7 | Statement of affairs |
| 8 | Prescribed Part |
| 9 | Dividend Prospects |
| 10 | Joint Administrators' Proposals |
| 11 | Conclusion |

| | | |
|------------|---|---|
| Appendix A | - | Joint Administrators' receipts and payments account |
| Appendix B | - | Estimated Financial Position including a summary of known creditors |
| Appendix C | - | Joint Administrators' time costs |

1. Glossary

| Expression | Meaning |
|----------------------------|--|
| “the Company” | AAG SWEPCO LIMITED |
| “the administration” | The appointment of Joint Administrators under Schedule B1 of the Insolvency Act 1986 on 21 August 2009 |
| “the Joint Administrators” | Gordon S Goldie and Allan D Kelly of Tait Walker, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS, licensed to act as insolvency practitioners by The Institute of Chartered Accountants in England & Wales |
| “the Act” | The Insolvency Act 1986, as amended |
| “the Rules” | The Insolvency Rules 1986, as amended |
| “the creditors” | All preferential creditors and all unsecured creditors |
| “preferential creditor” | Any creditor of the Company whose claim is preferential within Section 386 of the Insolvency Act 1986 as at 21 August 2009 being the date the Company entered administration. |
| “unsecured creditor” | Any person (other than a preferential creditor) who has, or claims to have, any claim against the Company (whether the claim be present, future or contingent or prospective and whether liquidated or for damages and whether arising in contract or tort or otherwise) in connection with or arising from any matter occurring prior to 21 August 2009 |

2. Introduction

Following the filing of an Administration petition by the Bank of Scotland as qualifying floating chargeholder in the High Court of Justice, Chancery Division, Leeds District Registry, Gordon Smythe Goldie and Allan David Kelly of Tait Walker Chartered Accountants were appointed Joint Administrators of 21 August 2009.

Gordon Goldie and Allan Kelly are both partners in Tait Walker Chartered Accountants, and licensed to act as insolvency practitioners by The Institute of Chartered Accountants in England & Wales. The Joint Administrators have confirmed that they do not consider that any material conflict or relationship exists which would have prejudiced them taking the appointment.

In accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986, the Joint Administrators set out herein their proposals for achieving the Administration. This document sets out information required by statute, and to assist creditors in considering the Administrators proposals.

This report has been prepared for the purposes of complying with the Joint Administrators statutory duties under the Insolvency Act and Rules. It should not be relied upon by any person for any other purpose and in any other context, and any person doing so does at their own risk.

The Joint Administrators act as agents of the Company and without any personal liability whatsoever.

3. Statutory & Financial Information

Company Information

| | |
|------------------------|---|
| Company Name: | AAG SWEPCO LIMITED |
| Previous Name: | AAG SEPCO LIMITED |
| Trading Name: | n/a |
| Company Number: | 04814761 |
| Date of Incorporation: | 30/06/2003 |
| Trading Address: | Belasis Business Centre, Coxwold Way, Belasis Hall Technology Park, Billingham, Cleveland |
| Registered Office: | Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS |
| Principal Activity: | Electrical & Mechanical Engineers |

Directors and Shareholders

| <i>Name</i> | <i>Appointed</i> | <i>Resigned</i> | <i>Shares</i> |
|----------------------|-------------------|-----------------|---------------|
| Mohammed Akhmed | 30 June 2003 | - | 666,100 |
| Simon Johnson | 25 March 2009 | - | |
| Hugh Morgan Williams | 1 November 2007 | - | 8,000 |
| Stephen Gilpin | 30 September 2007 | - | 12,333 |
| Dr Michael Jeffries | 30 September 2007 | - | 142,066 |
| Peter Gordon | 30 September 2007 | - | 60,266 |
| Andrew Dyne | 27 November 2008 | 13 August 2009 | |

Stacey Croft was the Company Secretary and held 3,333 of shares. Ms Croft resigned on 28 July 2009. No secretary was subsequently appointed.

Charge Holder Details

The following charges are registered at Companies House:-

| <i>Charge Holder</i> | <i>Date of Creation</i> | <i>Date of Registration</i> | <i>Type</i> |
|----------------------|-------------------------|-----------------------------|-------------|
| Bank of Scotland | 22 August 2007 | 25 August 2007 | Debenture |

Share Capital

Authorised: 1,681,992 ordinary shares of £0.03 each
 99,998 ordinary 'A' shares of £0.03 each
 15,057 ordinary 'B' shares of £0.03 each

Issued: 1,681,992 ordinary shares of £0.03 each
 99,998 ordinary 'A' shares of £0.03 each
 15,057 ordinary 'B' shares of £0.03 each

The list of shareholders in the company is detailed below:

| NAME OF SHAREHOLDER | SHARES HELD |
|--|------------------|
| Ordinary Shares | |
| M Akhmed | 666,100 |
| M Aslam | 164,999 |
| Z Aslam | 5,333 |
| S Gilpin | 471,900 |
| M Jefferies | 142,066 |
| P Gordon | 60,266 |
| P Wilson | 33,000 |
| B Holden | 666 |
| S Gilpin | 12,333 |
| S Dones | 3,333 |
| S Croft | 3,333 |
| V Jefferies | 6,666 |
| N Jefferies | 6,666 |
| B Gilpin | 3,333 |
| K Gannon | 3,333 |
| C Willoughby | 2,000 |
| C Eldridge | 2,000 |
| M Whitworth | 2,000 |
| D Holden | 20,000 |
| R Smart | 3,333 |
| J Walker | 1,333 |
| F Holmes | 33,333 |
| A Arkley | 10,000 |
| B Lowe | 10,000 |
| W B Baker | 6,666 |
| H Morgan Williams | 8,000 |
| | |
| TOTAL | 1,681,992 |
| 'A' Ordinary shares | |
| | |
| North East Seed Capital Fund Two Limited | 99,998 |
| 'B' Ordinary Shares | |
| | |
| North East Seed Capital Fund Two Limited | 15,057 |

Financial Information

Details of the Company's recent trading history are as follows:

| | <i>Unaudited Abbreviated Accounts to30 September 2008</i> | <i>Unaudited Abbreviated Accounts to30 September 2007</i> | <i>Unaudited Abbreviated Accounts to30 September 2006</i> |
|---------------------------------------|---|---|---|
| Balance Sheet | | | |
| Tangible fixed assets | 156,621 | 43,887 | |
| Investments | 100 | 134,307 | |
| Current assets | 2,639,857 | 1,114,555 | 19,878 |
| Current liabilities | (2,098,990) | (682,711) | (48,919) |
| Total Assets less current liabilities | 697,588 | 610,038 | (29,041) |
| Non current liabilities | (7,972) | | |
| Share capital | 50,820 | 50,220 | 180 |
| Share premium account | 532,128 | 502,728 | |
| Revaluation reserve | | 101,007 | |
| Reserves | 106,668 | (43,917) | (29,221) |

Source: Unaudited Abbreviated Accounts

4. Details of appointment of Administrators

| | |
|--------------------------------------|--|
| Names of Joint Administrators: | Gordon S Goldie, Licensed Insolvency Practitioner (number 5799) Allan D Kelly, Licensed Insolvency Practitioner (number 9156) |
| Joint Administrators' Address | Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS |
| Date of administrator's appointment: | 21 August 2009 |
| Court: | High Court of Justice, Chancery Division, Leeds District Registry - 2363 of 2009 |
| Person making appointment: | The Bank of Scotland as Qualifying Floating Chargeholder |
| Acts of the Joint Administrators: | The Joint Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an Administrator may be done by any one or more persons holding the office of Administrator from time to time. |
| EC Regulation on Insolvency: | It is considered that the EC Regulation applies and that these are main proceedings as defined in Article 3 of the EC Regulation. The company is registered in the UK (England and Wales), trades within the UK and the majority of its assets and creditors are entirely within the UK. |

5. Circumstances giving rise to the appointment of Joint Administrators

The information contained herein is taken from the Company records, and discussions with the Company directors. It has not been checked nor verified by The Administrators, Tait Walker, its partners, employees or agents, who have no liability for any errors or omissions herein.

AAG Swepeco Limited ("Swepeco") had traded successfully for a number of years as general mechanical engineers. In 2007 Swepeco merged its business with AAG Electrical Limited to combine the expertise it had with large scale electrical installations. Swepeco also developed a niche market in renewable energy source provision.

The development of the renewable energy market led to the growth of the company. Additional investments were made in 2007 with a substantial number of new shareholders subscribing for shares. Additional non-executive directors were also appointed with the aim to further develop the business. In March 2009, North East Seed Capital Fund Two introduced additional funds into the business following provision of the 2008 draft accounts which showed the company to be trading profitably.

During 2009 Swepeco was experiencing difficulties on certain projects which resulted in losses being incurred. Delays on other projects and protracted negotiations with customers regarding agreement of contract values led to significant cash flow pressure, and new contracts which were anticipated to assist with cash flow and profitability were either further delayed or cancelled in their entirety.

These contractual issues were coupled with a number of adjustments against the 2008 draft accounts as contract income had been wrongly accounted for in turnover, turning the anticipated profit into a loss.

As a result of the cash flow problems the company faced, a significant number of creditors were not being paid within their terms. The company was subject to a number of claims from creditors which led to two County Court Judgements being registered. The company received a Winding Up Petition presented by Midland Jay Heating and Air Conditioning Limited. Immediately on being notified of this, the non-executive directors sought advice from Tait Walker as independent insolvency practitioners.

It was concluded that the company was insolvent. Following a meeting of the directors and the bank, it became apparent that the company would not be in a position to satisfy the debt owed to Midland Jay and to be able to continue to trade within the bank facilities available. Given the winding up petition, the bank exercised their right to appoint Administrators as holders of a qualifying floating charge.

6. The manner in which the Company's affairs and business have been managed and financed during the Administration period

Attached at Appendix A is a receipts and payments account from the commencement of administration to date.

Ongoing Trading

On appointment we met with the directors to discuss the options available. We investigated the option of limited trading with a view to a sale as a going concern. The cash flow requirements and the lack of working capital severely restricted the options available.

A number of customers were not prepared to allow the administrators to carry on the contracts and specifically terminated the works. Discussions were held with a number of main contractors who would not allow novation of the contracts.

As we identified it would not be possible to continue trading we immediately looked to enter discussions with a third party who expressed an interest in acquiring the business. However, following the opening stage of negotiation they concluded that was not feasible.

Tangible Assets

Immediately upon appointment we instructed independent valuers to take an inventory of the company's assets. A significant number of vehicles were held on leases and have been returned to the leasing company. The owned vehicle was uplifted and is being sold at auction.

Tools and equipment on the various company sites were collected and returned to the trading premises. These have also been uplifted by the valuers and are being sold at auction.

We have also uplifted all owned IT equipment and this will also be sold at auction.

Debtors and Work in Progress

The schedule of debtors indicated book debts in excess of £2,000,000 were outstanding. The majority of these related to ongoing contracts however, following discussions with Mr Akhmed we were advised that a number of debtors related to proposed renewables work which was for upfront payments in anticipation of starting the contract. As a result of the company entering administration these contracts could not be commenced, and as such these debtors (totalling approximately £100,000) will not be collectable.

Further a number of debtors which paid certain invoices prior to our appointment but these payments (totalling approximately £250,000) had not reflected in the company's records.

Of the remaining debtors, several amounts identified as outstanding are subject to disputes between the main contractor and Swepeco. Further debtor balances are also subject to counterclaims as a result of the administration and the cessation of work on site.

To date we have realised / agreed approximately £80,000 from the remaining debtors.

We have engaged Summers Inman llp as independent quantity surveyors to assist us in determining the quantum of any disputes and counterclaims against the remaining debtors. Both ourselves and Summers Inman llp are in correspondence and negotiations with a number of the debtors regarding these matters.

Creditors should note that on certain contracts, the contracting party is AAG Electrical Limited, not AAG Swepeco Limited. We are seeking legal advice regarding the position on receipts on the same as AAG Electrical Limited was essentially dormant.

Employees

There is a degree of uncertainty as to which company between Swepeco and Electrical actually employed the employees. We have included the preferential and unsecured claims in both Swepeco and Electrical until the employment status is resolved, the total liability of which will rest in either company (or apportioned across both).

Other Matters

In addition to the asset realisations and other aspects of the Administration detailed above, we have dealt with our ongoing statutory obligations, employee claims and the onward submission to the National Insurance Fund, agreement of secured creditor, and where appropriate, reservation of title claims and unsecured creditor queries.

There have been no requirement for any external financing during the Administration, and all costs have or will be discharged through asset realisations.

Key issues which remain outstanding in the Administration include:

- Realisation of the remaining assets, including book debts and yet to be certified work in progress
- Agreeing, and payment of, secured creditor claims;
- Agreeing and the claims of the preferential creditors, and making any distribution therein, as applicable (should the employees be deemed employees of Swepeco)
- Dealing with unsecured creditor enquiries
- Dealing with employee claims and queries, as appropriate
- Investigation into the conduct of the directors, and reporting to the Department of Business, Enterprise and Regulatory Reform pursuant to the Company Directors Disqualification Act;
- Continuing with our ongoing duties as Administrators including statutory reporting and compliance;

Professional Advisers

On this assignment, the Administrators have used the professional advisors listed hereafter, together with details of the basis of our fee agreement with them:

| Name of Professional Advisor | Nature of Work | Basis of Fee Agreement |
|--|----------------------|----------------------------|
| James Sutherland (Auctioneers) Limited | Chattel asset agents | Percentage of realisations |
| Pinsent Masons Solicitors | Solicitors | Time costs |
| Summers Inman LLP | Quantity Surveyors | Time Costs |

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them. We were instructed by the Bank to use Pinsent Mason Solicitors. All professional advisers' costs are analysed and reviewed before payment is approved. These costs will be paid as an expense of the administration.

7. Statement of Affairs

The directors have not yet provided to the Administrators a Statement of Affairs.

The Company's estimated financial position as at 21 August 2009 is attached at Appendix B together with a list of the Company's creditors.

The figures are estimated and have been compiled from information and statements extracted from the Company records, and may change subject to receipt of the formal Statement of Affairs and information provided by creditors. The figures do not include a provision for the costs and expenses of the Administration nor the costs of any subsequent insolvency procedure following Administration.

There are a number of areas which require resolution which may materially affect the figures within the outcome statement including:

- Where Electrical is the contracting party, whether Swepco will receive any funds direct from realisations against these contracts outside of an unsecured claim. Legal advice will be sought to clarify this position, as appropriate;
- Whether the liability of the employees rests with Swepco, Electrical, or apportioned across both companies. Again, legal advice will be sought to clarify this position, as appropriate;
- Certain unsecured / trade creditors are unsure as to whom they are contracted with.

8. Prescribed Part

The Prescribed Part (Section 176(A) of the Act) is a proportion of floating charge asset realisations, net of costs, which are set aside for the benefit of unsecured creditors. The Prescribed Part applies to floating charges created on or after the 15 September 2003 only.

The Prescribed Part is calculated using a formula laid down in the Act as follows:

- 50% of the net property up to £10,000;
- 20% of the net property in excess of £10,000;
- Subject to a maximum amount of £600,000.

We estimate (subject to our comments above), to the best of our knowledge and belief based on the information known to date, that

- The value of the Company's net property, before any costs, is £154,456; and
- The value of the prescribed part of the net property will be in the region of £33,891.

The Administrators may seek a Court order not to distribute the Prescribed Part if they consider that the costs of making a distribution will be disproportionate to the benefits, or can automatically conclude the same without Court approval if the net property is below £10,000.

9. Dividend Prospects

Based on information currently available, it is considered that no dividend become payable to the unsecured creditors other than that payable as a result of the prescribed part. We cannot clarify the amount of any dividend until the matters referred to elsewhere within these proposals are finalised.

Please note that we shall not acknowledge or agree claims unless it becomes apparent that a dividend will become payable.

10. Joint Administrators' Proposals

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act.

Paragraph 3 of Schedule B1 to the Act provides as follows:

- (1) The administrator of a company must perform his functions with the objective of:
 - (a) Rescuing the company as a going concern; or
 - (b) Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being administration); or
 - (c) Realising property in order to make a distribution to one or more secured or preferential creditors.

The Act provides that objective (a) should be pursued unless it is not reasonably practicable to do so or that objective (b) would achieve a better result for the creditors as a whole. Objective (c) should only be pursued if it is not reasonably practicable to achieve either (a) or (b) and does not unnecessarily harm the interests of the creditors as a whole.

Our review and initial investigations of the financial position of the Company concluded that we would be unable to achieve objective (a) as it was not possible to rescue the Company as a going concern through either a Company Voluntary Arrangement or a Scheme of Arrangement, as in the main, the Company has insufficient facilities to enable trading to recommence in any form.

Objective (b) could not be pursued as there were insufficient uncharged assets to make funds available to the unsecured creditors, and this position would be mirrored had the Company been immediately wound up.

For the reasons set out in our report, we therefore presently consider that the most appropriate objective to pursue is that specified in Paragraph 3(1)(c) of Schedule B1, namely realising property in order to make a distribution to one or more secured or preferential creditors.

Proposals

The Administrators propose the following for achieving the above purpose of the administration:

- 1 The Administrators continue to manage and wind down the affairs and assets of the Company, collect and recover outstanding book debts as required, settle any administration expenses where such expenses are incurred for the purpose of the administration, and realise any other remaining assets of the Company as applicable.
- 2 The Administrators are authorised, where applicable, to make distributions to secured, preferential and unsecured creditors.
- 3 The Administrators, in order to conclude the Administration following the realisation of the assets, will register a notice with the Court and Registrar of Companies under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986 to dissolve the Company.

- 4 The Administrators investigate and, if thought appropriate, pursue any claims that the Company may have against any person or entity including, without limitation, officers and former officers of the Company.
- 5 The Administrators carry out any other act and generally exercise their powers in a manner conducive to the successful achievement of the proposals outlined herein.
- 6 The Administrators may seek an extension to the Administration if deemed necessary by the Administrators to achieve the purpose of the Administration.
- 7 The Administrators fees are approved on a time cost basis and expenses, including Category 2 expenses, may be drawn on account from time to time in line with their firm's policy. *
- 8 The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Schedule B1 of the Act in respect of any action of theirs as Administrator when they cease to be Joint Administrators at a time fixed by the secured and/or preferential creditors or 7 days after the filing of the their final progress report with the Registrar of Companies, or as approved by the Court.

* As the unsecured creditors are not expected to receive a dividend, excluding any potential dividend from the prescribed part outlined elsewhere within the report, our fees and expenses will be subject to the agreement of the secured creditors, and, where applicable, the preferential creditors. Details of time incurred and disbursements drawn will be reported to creditors in accordance with Statement of Insolvency Practice 9 issued by the Joint Insolvency Committee on behalf of the Administrators' licensing body. A copy of Statement of Insolvency Practice 9 - A Guide to Administrators Fees can be downloaded from <http://www.icaew.com/index.cfm?route=146784> or obtained upon written request from this office. A copy of Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings which details the charging and expenses recovery policy of Tait Walker is attached for your information.

* Total time spent to 13 October 2009 on this assignment amounts to 213 hours 12 minutes resulting in total time costs to date of £30,994.60. A further amount of £2,441.60 has been expended by Tait Walker prior to the appointment of the Administrators all of which £2,441.60 is attributable to obtaining the Administrators appointment, and assessing whether Administration was the most suitable route for the Company. This will be recovered as an expense of the Administration. Pre appointment time not specific to obtaining the appointment and assessing the suitability of the Administration will not be recovered by Tait Walker.

A Creditors' Committee can only be established at a meeting of creditors. The purpose of such a Committee is for the Administrators to consult therein concerning the conduct of the Administration and the implementation and development of these proposals and the approval of the Administrators remuneration, if applicable. If Creditor's wish to establish a Committee, they should request the Administrator to summon a meeting of creditors for the same. Details are provided within Section 11.

11. Conclusion

Creditors should note that this report and proposals have been issued in accordance with Schedule B1 paragraph 49 to the Insolvency Act 1986 and no initial meeting of the Company's creditors will be held. Based on current information there will be a no funds available to enable a dividend to be made to the unsecured creditors.

However, under Schedule B1 paragraph 52(2) the Administrators shall summon an initial creditors meeting if it is requested by creditors whose debts amount to at least 10% of the total debts of the Company and enclose form 2.21B in this regard. We also draw your attention to Rule 2.37(3) which states the expenses of summoning and holding a meeting at the request of a creditor shall be paid by the person, who shall deposit with the Administrator security for their payment.

If the Administrators are not requested to call a meeting within 12 days of the date of this report, the proposals will be deemed to have been accepted.

We will report on the progress again in six months after the commencement of the Administration, or at the conclusion of the administration, whichever is the sooner.



Gordon S Goldie & Allan D Kelly
Joint Administrators

Licensed as Insolvency Practitioners by The Institute of Chartered Accountants in England & Wales

Date: 13 October 2009

AAG SWEPCO Limited (in Administration)**Joint Administrators' Abstract Of Receipts And Payments
To 13 October 2009**

| | Floating Charge | Total |
|-------------------------|----------------------------|-------------------------|
| RECEIPTS | £ | £ |
| Book Debts | 76,960.98 | 76,960.98 |
| VAT Output | 11,544.15 | 11,544.15 |
| | 88,505.13 | 88,505.13 |
| PAYMENTS | | |
| Tax Withheld | 9,022.50 | 9,022.50 |
| Wages & Salaries | 3,000.00 | 3,000.00 |
| | 12,022.50 | 12,022.50 |
| Balances in Hand | <u>76,482.63</u> | <u>76,482.63</u> |

AAG Swepeco Limited - In Administration

Estimated financial position as at 21 August 2009

| | Book Value £ | Estimated to Realise £ | £ |
|---|-----------------|---------------------------|-----------------------|
| Fixed Charge Assets | | | |
| Investments (AAG Electrical) | 100 | | nil |
| Floating Charge Assets | | | |
| Motor Vehicle | 4,000 | | 1,500 |
| Plant and Equipment | 30,000 | | 1,000 |
| Office equipment and IT equipment | 122,621 | | 1,580 |
| MIP and Stock | 16,250 | | Nil |
| Debtors | 2,000,000 | | 250,000 |
| Cash at Bank | Nil | | Nil |
| Available for Creditors | | | <u>254,080</u> |
| Preferential Creditors | | | |
| DE Arrears & Holiday Pay | | 55,023 | |
| Employee Arrears / Holiday Pay | | 44,602 | |
| | | | <u>(99,624)</u> |
| Net Property | | | 154,456 |
| Prescribed Part (available to Unsecured Creditors) | | | (33,891) |
| Available to Floating Charge Holder | | | 120,565 |
| Bank of Scotland Plc | | | (316,000) |
| Deficit under Floating Charge | | | <u>(195,435)</u> |
| Available to Unsecured Creditors | | | (33,891) |
| Unsecured Creditors | | | |
| Shortfall to floating charge creditor | | 195,435 | |
| Unsecured Creditors | | 520,654 | |
| Department of Employment | | 77,790 | |
| Employees | | 57,436 | |
| H M Revenue & Customs - VAT | | 154,189 | |
| H M Revenue & Customs - PAYE / NI | | 219,092 | |
| | | | <u>(1,029,161)</u> |
| Estimated Deficiency as regards to Unsecured Creditors | | | <u><u>995,270</u></u> |

The above figures are estimates and do not include a provision for the present and estimated future Joint Administrators' fees and disbursements and other costs of realisations.

The figures are extracted from the records of the Company and have not been checked or verified by the Administrators who accept no responsibility for any errors or omissions therein.

Appendix C

Table of time spent and charge out value from 21 August 2009 to 13 October 2009

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

| Hours | | | | | | | |
|---------------------------------|--------------|--------------|---------------|-----------------------|--------------------|------------------|---------------------|
| Classification of Work Function | Partner | Manager | Administrator | Admin & Support Staff | Total Hours | Time Cost £ | Average Hourly Rate |
| Admin & Planning | 0.00 | 3.30 | 5.70 | 7.60 | 16.60 | 1,930.60 | 116.30 |
| Correspondence | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Creditors | 0.90 | 0.00 | 47.60 | 4.40 | 52.90 | 5,072.40 | 95.89 |
| Debtors | 7.50 | 29.30 | 11.80 | 5.10 | 53.70 | 11,037.60 | 205.54 |
| Employees | 0.00 | 2.00 | 44.20 | 0.00 | 46.20 | 5,586.00 | 120.91 |
| Investigation | 0.00 | 0.00 | 0.80 | 0.00 | 0.80 | 100.00 | 125.00 |
| Other Matters | 2.50 | 0.00 | 21.70 | 0.00 | 24.20 | 3,304.00 | 136.53 |
| Realisation of Assets | 1.60 | 7.00 | 0.90 | 0.00 | 9.50 | 2,236.00 | 235.37 |
| Statutory Matters | 0.00 | 4.50 | 4.20 | 0.00 | 8.70 | 1,584.00 | 182.07 |
| Retention of Title | 0.00 | 0.60 | 0.00 | 0.00 | 0.60 | 144.00 | 240.00 |
| Trading | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 12.50 | 46.70 | 136.90 | 17.10 | 213.20 | 30,994.60 | 145.38 |
| | | | | | Total Fees Claimed | Nil | |

A copy of Statement of Insolvency Practice 9 - A Guide to Administrators Fees can be downloaded from <http://www.icaew.com/index.cfm?route=146784> or provided upon written request from this office. A copy of Tait Walker - Statement on Remuneration and Expenses in Insolvency Proceedings which details the charging and expenses recovery policy of Tait Walker is attached.

TAIT WALKER - STATEMENT ON REMUNERATION AND EXPENSES IN INSOLVENCY PROCEEDINGS

Introduction

This policy has been prepared in accordance with guidelines set out in Statement of Insolvency Practice 9.

The following information applies to any formal insolvency appointment of partners and/or staff of Tait Walker including the following:

- Liquidator, Administrator or Receiver of a limited company;
- Trustee in Bankruptcy;
- Supervisor of a Corporate, Individual or Partnership Voluntary Arrangement; and
- Administrator under the Insolvent Estates Order.

When acting as Nominee to a Corporate, Individual or Partnership Voluntary Arrangement, the amount of Nominees remuneration is specified within the proposals. The Nominees remuneration is a fixed amount and takes into account the expected time arising in implementing the proposal based on the historic experience of the Nominee.

Policy

In order to maximise the cost effectiveness of the work performed it is Tait Walker's normal policy to delegate certain tasks within the case to members of their staff subject to their experience and specialist skills with the provision of supervision as appropriate. Matters deemed to be complex or of significance will be dealt with by senior members of staff or the license holder.

Unless otherwise fixed in accordance with the Insolvency Act 1986, all staff who work on this assignment, including case support (such as cashiers and secretarial staff etc) charge time directly to the assignment and are included within any analysis of time. The costs of any central Tait Walker administration or general Tait Walker overhead costs are not charged directly to the assignment but are reflected in the general level of charge out rates.

The rates vary between individuals of each grade reflecting experience and qualification. Charge out rates may be revised annually to cover inflationary cost increases over the duration of the assignment. In cases deemed to be particularly complex revised rates will be presented to creditors. The maximum current charge out rates per grade.

| <u>Grade</u> | <u>Rate (£) per hour</u> <i>(effective from 1 Apr 09)</i> | <u>(Previous rate (£) to Jun 08)</u> |
|-------------------------------------|--|--------------------------------------|
| Partner | 280 | 260 |
| Associate | 250 | 240 |
| Manager | 240 | 210 |
| Case Handler / Administrator | 150 | 140 |
| Case support staff | 96 | 90 |

Category 1 disbursements - Tait Walker recharges the costs of external supplies of incidental services directly to the case as expenses and disbursements. These expenses may include, but are not limited to case advertising, specific penalty bond, identifiable telephone calls, postage at cost, external document storage, external room hire, external printing, invoiced travel, mileage at approved Inland Revenue scale rates and properly reimbursed expenses incurred by Tait Walker and its employees in connection with the case. Obtaining a specific penalty bond and advertising are disbursements that are required in each case as a result of statutory obligations imposed on the Insolvency Practitioner.

Category 2 disbursements – With the exception of photocopying, Tait Walker do not recharge expenses and disbursements which include an element of shared or allocated costs of internal facilities such as stationery, room hire, communication facilities, printing, internal document storage etc. Tait Walker may recharge photocopying at up to 3p per sheet.

Creditor's request for a meeting

| |
|---------------------------------------|
| Name of Company AAG SWEPCO LIMITED |
|---------------------------------------|

| |
|----------------------------|
| Company number 04814761 |
|----------------------------|

| |
|---|
| In the High Court of Justice, Chancery Division, Leeds District Registry <small>(full name of court)</small> |
|---|

| |
|-----------------------------------|
| Court case number 2363 of 2009 |
|-----------------------------------|

(a) Insert full name and address of the creditor making the request

I (a)

(b) Insert full name and address of registered office of the company

request a meeting of the creditors of (b)
AAG SWEPCO LIMITED
c/o Tait Walker
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and address(es) of creditors concurring with the request (if any) and their claims in the administration if the requesting creditor's claim is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of concurrence.

(e) Insert details of the purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

PROOF OF DEBT - GENERAL FORM

**In the matter of AAG Swepeco Limited
In Administration
and in the matter of The Insolvency Act 1986**

Date of Administration Order: 21 August 2009

| | | |
|-----|--|---|
| 1. | Name of Creditor | |
| 2. | Address of Creditor | |
| 3. | Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration (see note) | £ |
| 4. | Details of any document by reference to which the debt can be substantiated. [Note the administrator may call for any document or evidence to substantiate the claim at his discretion] | |
| 5. | If the total amount shown above includes Value Added Tax, please show:- (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax | £ £ |
| 6. | If total amount above includes outstanding uncapitalised interest please state amount | £ |
| 7. | If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b) | |
| 8. | Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975) | Category Amount(s) claimed as preferential £ |
| 9. | Particulars of how and when debt incurred. | |
| 10. | Particulars of any security held, the value of the security, and the date it was given | £ |
| 11. | Signature of creditor or person authorised to act on his behalf | |
| | Name in BLOCK LETTERS | |
| | Position with or relation to creditor | |

Registrar of Companies
Companies Registration Office
DX 33050
Cardiff 1

Our Ref:
10989/GSG/ADK/AL/CL

Your Ref:

Date: 13 October 2009

Dear Sirs

AAG SWEPCO LIMITED - In Administration

We enclose Form 2.17B together with our proposals to creditors for filing.

Yours faithfully
For and on behalf of
AAG SWEPCO LIMITED

Gordon S Goldie & Allan D Kelly
Joint Administrators

The affairs, business and property of the Company are being managed by Gordon S Goldie and Allan D Kelly as Joint Administrators, who act as agents of the Company and without any personal liability