

AM10

Notice of administrator's progress report



Companies House

SATURDAY



A19 *A7KTR7EZ* #290
15/12/2018
COMPANIES HOUSE

1 Company details

Company number 0 8 7 1 1 1 2 4

Company name in full Secured Energy Bonds plc /

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) David J

Surname Dunckley

3 Administrator's address

Building name/number 30 Finsbury Square

Street

Post town London

County/Region

Postcode E C 2 P 2 Y U

Country

4 Administrator's name ¹

Full forename(s) Nicholas S

Surname Wood

¹ Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ²

Building name/number 30 Finsbury Square

Street

Post town London

County/Region

Postcode E C 2 P 2 Y U

Country

² Other administrator
Use this section to tell us about
another administrator.

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6 Period of progress report

From date	^d 1	^d 5	^m 0	^m 5	^y 2	^y 0	^y 1	^y 8	
To date	^d 1	^d 4	^m 1	^m 1	^y 2	^y 0	^y 1	^y 8	

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X  X								
Signature date	^d 1	^d 3	^m 1	^m 2	^y 2	^y 0	^y 1	^y 8	

AM10

Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Matthew Drinkwater**

Company name **Grant Thornton UK LLP**

Address **30 Finsbury Square**

Post town **London**

County/Region

Postcode **E C 2 P 2 Y U**

Country

DX

Telephone **0161 953 6900**

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Secured Energy Bonds plc - in administration (the Company)

Recovery and Reorganisation
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Joint administrators' progress report for the
period 15 May 2018 to 14 November 2018

Prepared by: Nick Wood, Joint Administrator

Contact details: Should you wish to discuss any matters in
this report, please do not hesitate to
contact Matthew Drinkwater on
0161 953 6386

Definitions

The following definitions are used either within the body of this report, the appendices to it, or both.

IPM		Independent Portfolio Managers Limited
WUC		Compulsory Liquidation
The Subsidiaries		SEB Mercury Limited and SEB Venus Limited
B&B		Bird & Bird Solicitors
CBD		CBD Energy Limited
WSP		Westinghouse Solar Pty Limited
BlueNRGY		BlueNRGY Group Limited
OR		the Official Receiver
CVL		Creditors' Voluntary Liquidation
VAT		Value added tax

1 Executive summary

- This progress report for the Company's administration covers the period from 15 May 2018 to 14 November 2018.
- Our proposals were approved on 16 March 2015 by a resolution from the secured and preferential creditors.
- The key work done in the period is the progression of a potential claim on behalf of the Company against IPM.
- Based on current information it is unlikely there will be a distribution to the unsecured creditors.
- The administration is currently due to end on 21 January 2019. It is proposed that the administration will be converted to a WUC as there are insufficient funds to make a distribution to unsecured non-preferential creditors.



Nick Wood
Joint Administrator
13 December 2018

2 Progress to date

2.1 Strategy and progress since my statement of proposals

The administrators have undertaken a full and comprehensive investigation of the Company's financial position. I comment below on the various assets that have been realised since my appointment, together with details of any claims that have been identified.

2.2 Realisation of assets

The Company previously owned the Subsidiaries, which themselves owned solar panels installed at various sites in the UK. Following advice from B&B, a sale of the shareholdings was completed on 9 October 2017 for the sum of £203,150.

The Company was previously a creditor of CBD and WSP, both of which are Australian entities (also in administration). The Company received £17,197, which represented a full and final distribution from the administrators of both entities in June 2015.

The Company also received 13,959,588 ordinary shares in BlueNRGY, the restructured entity which was formerly CBD. BlueNRGY is currently taking steps to be relisted for the NASDAQ Capital Market. Any potential value of the shares is likely to be dependent upon the approval of BlueNRGY's relisting application. The latest update received regarding the relisting process indicated that BlueNRGY was going through another restructuring process. It is unclear how long the relisting process will take or whether it will be successful.

2.3 Additional assets

Following my appointment as joint administrator, I have undertaken a thorough investigation into the assets and affairs of the Company. The investigation has involved an analysis of the records obtained from the Company's professional advisors and creditors.

My initial investigation identified a number of possible claims against third parties on behalf of the Company. However, given the level of the majority of the claims identified and the various jurisdictions involved, they were considered not to be commercially of benefit to pursue.

One of the possible claims identified was against IPM (the Claim). IPM was a corporate director of the Company, as well as acting as Security Trustee on behalf of the investors.

Following its advice I have worked closely with B&B to formulate and develop the Claim for the purposes of pursuing the matter. Primarily this has involved undertaking a forensic analysis of the accounting records and bank statements of the Company. The Claim is valued at approximately £5.8m plus interest and legal costs.

The results of my investigation formed the basis of a letter before action which was sent by B&B to IPM in November 2017 setting out the Claim, including details of the various breaches of duty. IPM initially responded to indicate that the Claim was disputed and that it did not have any insurance in place which it could seek to rely on to settle the Claim.

Should the matter have proceeded to Court, it is likely that significant legal costs would have been incurred. Additionally, should the Claim have been unsuccessful at Court, the administrators would have been required to obtain the appropriate insurance cover to protect against any costs awarded against the Company. The insurance premiums would also have been significant.

It was also noted that according to the publicly available records for IPM it did not have sufficient assets with which to settle the Claim should it be successful. Accordingly, following discussions with B&B it was agreed that the Company would issue winding up proceedings against IPM for the outstanding sum rather than pursue the Claim via the Court process. The OR was appointed liquidator of IPM on 14 November 2018 and subsequently, Kristina Kicks and I were appointed joint liquidators of IPM on 4 December 2018. Investigations into the financial affairs of IPM are in their initial stages and it is too early to comment on whether there will be a distribution to the unsecured creditors'

It was apparent from my investigation that the Company does not have any other assets other than the Claim and those which are detailed above.

3 Creditors

3.1 Secured creditors

As previously advised a debenture dated 1 October 2013 between the Company and IPM, as Security Trustee, was registered at Companies House on 12 October 2013. I have been advised that IPM holds the debenture on trust for the bondholders. Accordingly, the bondholders should be considered secured creditors of the Company. The bondholders have been estimated at £7,536,000. To date no distribution has been made to the bondholders.

3.2 Preferential creditors

There were no employees as at the date of administration.

3.3 Non-preferential unsecured creditors

At present there is unlikely to be a dividend payable to this class of creditor.

4 Investigations into the affairs of the company

4.1 Statutory investigations

I undertook an investigation into the Company's affairs to establish whether there were any potential asset recoveries, or conduct matters that required further investigation, taking into account the public interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.

Other than the matters detailed above, based on the outcome of my investigations into the affairs of the Company to date, there are no other matters identified that need to be reported to the creditors.

4.2 SIP9 disclosures

For information regarding payments, remuneration and expenses to me or my associates, please refer to the respective 'Statement of Insolvency Practice 9 disclosure' at Appendix B to this report, which covers:

- pre-appointment costs
- fee basis
- work done by us and our team during the period
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

5 Future strategy

5.1 Future conduct of the administrators

The administrators' investigation into the affairs of the Company has now been concluded. Given the circumstances it is not appropriate to place the Company into CVL. In order for the Company to have the ability to receive any potential distribution from the liquidation of IPM, it is proposed that an application is made to the Court to place the Company into WUC.

5.2 Exit from administration

The duration of an administration is restricted to 12 months from the date of commencement, unless it is extended with the permission of the creditors or the Court. The administration is currently due to end on 21 January 2019.

As advised above it is proposed that the Company is placed into WUC.

5.3 Discharge from liability

At the conclusion of the administration the joint administrators' require discharge from liability.

A creditors' committee is already established and therefore I will seek a resolution from the committee to obtain our discharge from liability.

5.4 Creditors' committee

The Insolvency (England and Wales) Rules 2016 require that wherever a decision is sought in an administration the creditors must be invited to decide whether a creditors' committee should be established.

The function of a committee is to:

- assist the office holders in discharging the office holders' functions; and
- act in relation to the office holders in such manner as may from time to time be agreed

Information concerning creditors' committees can be found in Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from

<https://www.r3.org.uk/media/documents/publications/professional/R3%20Guide%20to%20Creditors%20Committees.pdf>;

A creditors' committee has been formed.

5.5 Data Protection

Any personal information held by the Company will continue to be processed in accordance with completing the administration of the Company and in accordance with meeting our requirements under applicable Data Protection Legislation/law in the United Kingdom.

5.6 Future reporting

A final administrators' report will be provided to creditors after the conversion of the Company to compulsory liquidation

A Abstract of the administrators' receipts and payments

Secured Energy Bonds plc - in administration
Summary of receipts and payments
from 22 January 2015 to 14 November 2018

Statement of Affairs £	From 22/01/2015 to 14/05/2018 £	From 15/05/2018 to 14/11/2018 £	Total £
Receipts			
SEB Mercury and SEB Venus shareholdings	203,150.00	0.00	203,150.00
Cash at Bank	24,653.54	0.00	24,653.54
Intercompany Dividends	17,196.89	0.00	17,196.89
Bank/ISA InterestGross	82.99	0.00	82.99
HMRC - VAT received/paid	36,795.83	6,699.50	43,495.33
	281,879.25	6,699.50	288,578.75
Payments			
Administrators Fees	55,000.00	30,472.50	85,472.50
Administrators Expenses	2,602.75	0.00	2,602.75
Committee Expenses	313.54	0.00	313.54
Legal Fees (1)	104,525.03	0.00	104,525.03
Professional Fees	26,845.90	0.00	26,845.90
Winding up costs - IPM	0.00	1,880.00	1,880.00
Telephone Telex & Fax	1,653.45	0.00	1,653.45
Room Hire	2,200.00	0.00	2,200.00
Storage Costs	3,222.74	0.00	3,222.74
Statutory Advertising	169.20	0.00	169.20
Insurance of Assets	350.00	0.00	350.00
Advertising - Other	950.00	0.00	950.00
VAT on Purchases	36,625.83	6,094.50	42,720.33
	234,458.44	38,447.00	272,905.44
Net Receipts/(Payments)	47,420.81	(31,747.50)	15,673.31
Made up as follows			
Floating Current Account NIB 02.01.18	47,420.81	(31,747.50)	15,673.31
	47,420.81	(31,747.50)	15,673.31

Post-appointment costs

Fee basis of the joint administrators

On 30 July 2015 the creditors' committee (the Committee) resolved that remuneration be fixed on the basis of a fixed fee of £55,000 for all statutory matters, with a further fee of 15% of all gross asset realisations. To date the administrators have drawn the fixed fee element of their remuneration. Fees of £30,473 have also been drawn which represents 15% of the gross realisations achieved for the sale of the Subsidiaries.

Work done by the joint administrators and their team during the Period

We are required to detail actual work done in the Period, including any expenses incurred in connection with it. We are also required to provide narrative explanation of the work done. The following table set out this information for the joint administrators. Details of the respective expenses are provided in the 'Disbursements and expenses' section below.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors
Investigations			
Claims	<ul style="list-style-type: none"> • Liaising with B&B regarding the formulation and subsequent pursuit of the Claim 	<ul style="list-style-type: none"> • To identify and realise assets for the benefit of a potential distribution to the creditors 	<ul style="list-style-type: none"> • This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available
Creditors			
Unsecured	<ul style="list-style-type: none"> • Liaising with unsecured creditors 	<ul style="list-style-type: none"> • To establish level of creditor claims against the Company • Statutory requirement 	<ul style="list-style-type: none"> • To identify and realise assets for the benefit of a potential distribution to the creditors
Administration			
Treasury, billing & funding	<ul style="list-style-type: none"> • Establish and maintaining the administrators' bank accounts 	<ul style="list-style-type: none"> • To establish an administration account to enable the receipt of funds and to settle any costs incurred by the administrators 	<ul style="list-style-type: none"> • This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors
General	<ul style="list-style-type: none"> • Statutory duties of the administrator to send reports, notices and request decisions of the creditors • Liaising with the creditors' committee 	<ul style="list-style-type: none"> • To keep the creditors informed of the administrators' investigations and where necessary to request decisions of the creditors 	<ul style="list-style-type: none"> • This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to creditors

Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the joint administrators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
Category 1 disbursements			
Courier	0	116	116
Professional Fees	0	361	361
Postage	0	1,221	1,221
Printing & Stationery	0	493	493
Property Maintenance	0	24	24
Storage	0	238	238
Travel expenses (non mileage)	0	90	90
Subsistence	0	12	12
Category 2 disbursements			
Mileage	0	48	48
Expenses			
Professional Fees			
Capital Marketing Consultants Limited	0	2,678	2,678
Long Grove Capital	0	23,928	23,928
Legal Fees			
King & Wood Mallesons LLP	0	40,009	10,146
Bird & Bird LLP	8,010	234,358	94,379
Total expenses and disbursements			133,734

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

They also include expenses which have been paid using a Grant Thornton Loan, the balance of which (if any) can be seen on the joint administrators' receipts and payment account at Appendix A.

Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, the following resolution was made by the Committee on 27 April 2015:

'the joint administrators be authorised to charge mileage at the standard rates used from time to time by Grant Thornton UK LLP'

Mileage is charged at 45p a mile. VAT is added as appropriate. Details of these costs are also provided in the table below.

Sub-contracted out work

We confirm that, in the Period, we have not sub-contracted out any work that could otherwise have been carried out by us or our team.

Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. In the interest of transparency, we disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship:

Service provider	Services enlisted	Cost of service
Grant Thornton UK LLP	<ul style="list-style-type: none"> • Tax work/advice (narrative is included within the above narrative of work done) • Pensions work/advice (narrative is included within the above narrative of work done) 	<ul style="list-style-type: none"> • Costs are included within the above SIP9 time cost analysis

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the joint administrators' fee basis, or who provide services to us as joint administrators, which may give rise to a potential conflict.

Information for creditors

Provided below is information to help creditors to understand their rights in insolvency and regarding officeholders' fees, and the roles and functions of committees.

R3 is the trade association for the UK's insolvency, restructuring, advisory and turnaround professionals. Amongst other things, R3 has made available written guidance for stakeholders affected by insolvency, in particular creditors, for some of which the web links are provided below.

Where web links are provided for the information, we will supply this information by post, free of charge on request.

'Office holder' means, for example, the appointed administrator(s), liquidator(s) or trustee(s) in bankruptcy.

R3 creditor guides

- Rights of creditors during an insolvency process guides: <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>
- Background information regarding the fees of officeholders: <https://www.r3.org.uk/what-we-do/publications/professional/fees>
- Liquidation/Creditors' committees and commissioners: <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

Creditors' and members' rights to request information about remuneration or expenses under r18.9 of the Rules

(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report under rule 18.14:

- (a) a secured creditor;
- (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
- (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
- (d) any unsecured creditor with the permission of the court; or
- (e) any member of the company in a members' voluntary winding up with the permission of the court.

(2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.

(3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by:

- (a) providing all of the information requested;
- (b) providing some of the information requested; or
- (c) declining to provide the information requested.

(4) The office-holder may respond by providing only some of the information requested or decline to provide the information if:

- (a) the time or cost of preparation of the information would be excessive; or

- (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
 - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
 - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of:
- (a) the office-holder giving reasons for not providing all of the information requested; or
 - (b) the expiry of the 14 days within which an office-holder must respond to a request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

Creditors' and members' rights to challenge the office-holder's remuneration and expenses under r18.34 of the Rules

- (1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that:
- (a) the remuneration charged by the office-holder is in all the circumstances excessive;
 - (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
 - (c) the expenses incurred by the office-holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable:
- (a) a secured creditor,
 - (b) an unsecured creditor with either:
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
 - (c) in a members' voluntary winding up:
 - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
 - (ii) a member of the company with the permission of the court.
- (3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").

C Statutory information

Company Information

Company name	Secured Energy Bonds plc
Date of incorporation	30 September 2013
Company registration number	08711124
Former trading address	100 Cannon Street London London EC4N 6EU
Present registered office	Grant Thornton UK LLP 4 Hardman Square Spinningfields Manchester M3 3EB

Administration information

Administration appointment	The administration appointment granted in the High Court of Justice, Chancery Division, Companies Court, 424 of 2015
Appointer	
Date of appointment	22 January 2015
Joint Administrators' names	David J Dunckley Nicholas S Wood
Joint Administrators' address(es)	30 Finsbury Square, London, EC2P 2YU
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.
Current administration expiry date	21 January 2019

D Notice about this report

This report has been prepared by David J Dunckley, the joint administrator of Secured Energy Bonds plc – in administration, solely to comply with the joint administrators' statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the joint administrators do not assume any liability in respect of this report to any such person.

David J Dunckley and Nicholas S Wood are authorised in the UK to act as Insolvency Practitioners by the Insolvency Practitioners Association.

The joint administrators are bound by the Insolvency Code of Ethics.

The joint administrators act as agents for the Company and contract without personal liability. The appointment of the joint administrators are personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note you should read this progress report in conjunction with the joint administrators' previous progress reports and proposals issued to the Company's creditors, which can be found on the Grant Thornton portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this progress report.



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