

Petrostem (UK) Limited
In Administration (the "Company")

Six Monthly Progress Report

In accordance with Rule 18.3 of The Insolvency Rules 2016

1 March 2021

Ernst & Young LLP



Abbreviations

The following abbreviations are used in this report:

Act	the Insolvency Act 1986
BoS	Bank of Scotland plc
CDDA	Company Directors Disqualification Act 1986
date of appointment	29 August 2018
EY	Ernst & Young LLP
HMRC	HM Revenue and Customs
Joint Administrators	CP Dempster and GD Yuill
the Company	Petrostem (UK) Limited - In Administration
the Petrostem Group	The Petrostem Group of Companies, a structure chart for which is provided at Appendix B
the PPG Group	Petroleum Pipe Group Limited (In Liquidation) and its subsidiary undertakings
the Proposals	Joint Administrators' Statement of Proposals, dated 19 October 2019
the Rules	the Insolvency (England and Wales) Rules 2016

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1. Introduction

1.1 Introduction

I write, in accordance with Rule 18.3 of the Rules, to provide creditors with a report on the progress of the Administration. This report covers the period from 29 August 2020 to 28 February 2021 and should be read in conjunction with the Proposals dated 19 October 2018, the six month progress reports to 28 February 2019, 28 August 2019, 28 February 2020 and 28 August 2020.

On 29 August 2018 the Company entered Administration and CP Dempster and GD Yuill were appointed to act as Joint Administrators.

The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

CP Dempster and GD Yuill are UK licenced insolvency practitioners and, consequently, are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration.

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

1.2 Extensions to the Initial Period of Appointment

In accordance with paragraph 76 of Schedule B1 to the Insolvency Act 1986, the Administration of the Company was initially due to end automatically on 28 August 2019. With the consent of creditors, the initial period of appointment was extended to 28 August 2020.

As there remained a number of matters to conclude in the administration, the Joint Administrators made an application to the Court under Paragraph 76(2)(a) of schedule B1 of the Insolvency Act 1986 ("the Act") to further extend the period of administration. The Court granted that application on 27 August 2020 and the period of administration has been extended for a further 12 months to 28 August 2021.

2. Progress since the six month report to 28 August 2020

2.1 Purpose of the Administration

As detailed in the Proposals and the previous progress reports, the Joint Administrators' strategy in respect of the insolvency of the Company is to:

- ▶ Cease to trade the business to which the Joint Administrators have been appointed (subject to the point noted below in relation to trade debtors);
- ▶ Collect in the trade debtor balances due to the Company. In order to protect the collection of these trade debtor balances, the Joint Administrators determined that it was appropriate to allow existing customers to continue to use existing equipment on hire whilst a managed handover of their rental contracts to a new supplier over an agreed period is arranged. No new rentals will, however, be commenced.
- ▶ Market for sale the individual assets, primarily the Company's rental assets (drilling pipe).

To assist with the insolvency process, 20 of the Petrostem Group's employees were retained, of which 1 was employed by the Company. That employee was made redundant in December 2018.

2.2 Asset Realisations for the Company

As detailed in the Proposals, the Company is one of the trading entities within the Petrostem Group. Consequently, the main assets of the Company are trade debtor balances and rental stock.

2.2.1 Fixed assets

As detailed in our previous progress report, the Company's fixed assets have been sold and no further realisations are anticipated.

2.2.2 Rental assets

As previously reported, we completed a sale of the Company's rental assets and no further realisations are anticipated.

2.2.3 Trade debtor balances

Our previous reports set out in detail the collection of trade debtor balances, accrued income and post-appointment rentals. There are no further trade debtor balances to be collected.

2.2.4 Cash on appointment

The Company held no cash in non-BoS bank accounts at the date of appointment.

Petty cash of \$1k was held and has now been deposited into the Company's post-appointment bank accounts.

2.2.5 VAT receivable

The Joint Administrators submitted a VAT return up to the date of appointment, based on the Company's records, which shows that the Company is due a refund of \$43k. HMRC issued a cheque for this amount of \$43k on 11 September 2019. No further realisations are anticipated.

2.3 Expenditure

In our last report we set out details of the expenses (excluding the Administrators' fees and expenses) of \$378k (net of VAT) incurred in the period from 29 August 2018 to 28 August 2020. We also noted that we had settled the preferential creditors in the sum of \$7k. In the period from 29 August 2020 to 28 February 2021, we have incurred further expenses of c\$40k offset by an exchange rate gain of \$12k. There is a breakdown of expenses incurred in this period and to date at Appendices C and D of this report.

At present, total expenses incurred have now exceeded the original estimate provided with the Proposals and we currently anticipate that total expenses will be c\$430k, excluding the Administrators fees and expenses.

An overview of the principal expenditure incurred in the period from 29 August 2020 to 28 February 2021 is detailed below.

2.3.1 Sub-rental costs - \$30k

We have settled the inter-company liability in respect of rental income collected on assets that were owned by another group company.

2.3.2 Legal Fees - \$10k

We have settled further legal fees incurred principally in connection with the extension of the period of the administration.

2.4 Asset realisations for the Petrostem Group

The other insolvent entities within the Petrostem Group are not registered in England and Wales and are therefore subject to insolvency proceedings in other jurisdictions. Accordingly, these entities are not within the remit of this report. Notwithstanding this, the Joint Administrators' recognise the inter-linked nature of the Petrostem Group and therefore detailed discussion of the insolvency proceedings and potential asset realisations for these entities is provided within the separate reports to the creditors of these companies which are available from the following website:

<https://www.ey.com/uk/en/services/transactions/restructuring/ey-ppg-petrostem-insolvencies>

2.5 Investigations

As set out in our previous report, the Joint Administrators performed a thorough review of the conduct of the directors in the lead up to the insolvency of the Company and on 28 November 2018 submitted their conduct report to the Insolvency Service in respect of the Company. The contents of such reports are confidential.

The Joint Administrators continue to investigate certain matters raised by our investigations and are in correspondence with the Directors and their advisers in this regard. When we have received and reviewed all of the requested information, we will consider with our legal advisers whether any further action is warranted.

No funding has been provided by any third parties to meet the costs of these investigations.

3. Outcome for creditors

We provide below, for information, an indication of the current position with regard to creditors' claims.

3.1 Secured creditors

The principal lender to the Petrostem Group is Bank of Scotland plc (BoS). BoS had submitted a formal claim against the Company of \$28.0m. This debt comprised amounts directly owed by the Petrostem Group to BoS and amounts due to BoS by the Petrostem Group under cross-guarantees granted in favour of BoS in relation to its lending to certain companies within the PPG and Maxtube Groups.

The Company had granted in favour of BoS an English law debenture covering the whole property and undertaking of the Company. Accordingly, all assets of the Company are secured to BoS.

We have reviewed BoS's claim and have adjudicated it at \$27.3m. This has reduced from the \$27.8m noted in our last report following the discovery of interest that had been overcharged by the Bank.

The likely recovery to BoS in respect of the amounts due to it by the Company is currently estimated to be c.\$0.3m and we have now made an interim distribution to BoS of \$200k. When realisations across the wider group have been finalised, we will review the funds paid to BoS under its various securities by each individual entity to assess whether it is proportionate to the direct debts due by each to BoS.

3.2 Preferential creditors

Preferential creditor claims of \$7k in respect of claims for employees' holiday pay have been paid in full. There are no further claims from preferential creditors pending payment.

3.3 Unsecured non-preferential creditors

The Company's records indicate that non-preferential creditors may aggregate to \$4.8m.

As noted at Section 3.4 below, on 31 January 2019 we wrote to all known creditors of the Company and advised them that any claims in the insolvency of the Company required to be notified to the Joint Administrators by 22 March 2019. We have now adjudicated on all claims except one. We now, therefore, anticipate that the total level of unsecured non-preferential creditors of the Company will be \$4.8m.

Creditor claims may be higher due to contingent claims and other non-priority creditor amounts not included in the Companies' records.

As the Company's assets are secured to BoS, we do not expect any recovery for unsecured non-preferential creditors of the Company from its insolvency process, other than by virtue of the Prescribed Part (further detail is provided at Section 3.5).

3.4 Creditor claims

On 31 January 2019, we wrote to all known creditors of the Company and advised them that any claims in the insolvency of the Company required to be notified to the Joint Administrators by 22 March 2019 and that a dividend (in respect of the Prescribed Part only) was intended to be declared by 22 May 2019.

On 23 May 2019 we wrote to all known creditors of the Company to advise that, in accordance with Rule 14.33(2) of the Rules, the intended dividend was being postponed for the reasons set out in that letter.

Having now adjudicated on BoS's claim we await finalisation of the Company's corporation tax position with HM Revenue and Customs. As soon as the Company's liability is agreed we will write to the unsecured non-preferential creditors of the Company to provide them with a revised timescale for payment of a dividend.

If you have not yet submitted a formal claim in the Administration and would like to participate in the interim dividend please complete and return a proof of debt form along with any supporting documentation (invoices, statements, contracts, etc.) to Gordon Wilson at this office or by email to petrostemgroup@uk.ey.com. The proof of debt form can be downloaded from the following web site:

<https://www.ey.com/uk/en/services/transactions/restructuring/ey-ppg-petrostem-insolvencies>

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

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

3.5 The Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003. The relevant charge for the Company was created on 25 June 2015.

The Joint Administrators do not currently intend to make an application to the Court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the Prescribed Part.

The value of the prescribed part is estimated to be c.\$80k based on present information.

4. Administrators' receipts and payments

A summary of the Administrators' receipts and payments for the period from 29 August 2020 to 28 February 2021 is attached at Appendix C.

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

5.1 Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the website of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Administrators.

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.

The Joint Administrators' remuneration was fixed on the basis of time properly given by the Joint Administrators and their staff in dealing with matters arising in the Administration at the hourly rates set out below (and in accordance with the fee estimate dated 19 October 2018) by a resolution of the preferential creditors and secured creditor on 21 December 2018.

In addition, the Joint Administrators were permitted to draw, as an interim claim, their remuneration for the period from the date of their appointment to Friday 5 October 2018 and thereafter the Joint Administrators may draw their remuneration four weekly in arrears subject to the provision in advance of a statement of such costs.

Grade	Hourly rate (\$)	Equivalent hourly rate (£)
Partner	855	658
Executive Director / Director	700	538
Senior Manager	590	454
Manager	490	377
Senior (Level 3)	450	346
Senior (Level 1 / 2)	355	273
Analyst	210	162
Intern	185	142

To 28 February 2021, the Joint Administrators have incurred time costs (based on the above hourly rates) of \$592,182. Of this sum, \$425,000 has been approved by creditors and paid in the period to 28 February 2021.

As previously advised, our fee estimate was increased to \$425k. The principal reason being that the time spent in realising the Company's rental assets was significantly higher than estimated as a result of the complexities of that sale and the resultant significant delays in agreeing a contractual position with the purchaser.

We will not draw remuneration in excess of this revised fee estimate without the prior approval of the secured and preferential creditors of the Company. The Joint Administrators propose to review the quantum of fees once the outcome of the administration process is fully known.

Attached at Appendices E, F and G is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out to 28 February 2021 as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No. 9.

5.2 Joint Administrators Statement of expenses incurred

In the period from our appointment to 28 February 2021, we have incurred expenses of \$406,439 (net of VAT and excluding the Joint Administrators' fees and disbursements and payment of preferential creditors). There is a breakdown of expenses incurred in this period and to date at Appendix D of this report.

Expenses have now exceeded the original estimate of \$395,000 provided with the Proposals and, as set out in Appendix D, we currently expect the final expenses to be \$429,679.

5.3 Disbursements

Appendix D also includes a breakdown of the Joint Administrators' Category 1 and 2 disbursements.

On 21 December 2018, the Joint Administrators received the approval of the secured creditor and preferential creditors to charge and draw disbursements in accordance with the charging policy set out in Appendix H and estimate provided with the Proposals.

To 28 February 2021, the Joint Administrators have incurred Category 1 and 2 disbursements of \$5,623, of which \$5,617 has been paid to the Joint Administrators' in the period to 28 February 2021.

5.4 Payments to other professionals

The Joint Administrators have engaged the services of the following during the course of the Administration:

Name of firm	Nature of service	How contracted to be paid
PinSENT Masons LLP	Legal advisors - UK and UAE	Time costs
CMS Cameron McKenna Nabarro Olswang LLP	Legal advisors - UK	Time costs
Dean Foster (former director of the Petrostem Group)	Asset marketing and realisation	Combination of day rate and commission
ANM Group Limited	Asset safeguarding and realisation strategy	Time costs

Details of the fees paid to date are included in the receipts and payments account attached at Appendix C.

6. Other Matters

6.1 Future conduct of the Administration

The Joint Administrators will continue to manage the affairs, business and property of the Company to achieve the purpose of the Administration. This will include, *inter alia*:

- ▶ Dealing with corporation tax and VAT matters, which includes filing statutory returns;
- ▶ Distributing realisations to BoS in its capacity as a secured creditor of the Company;
- ▶ Completing our investigations into the conduct of the directors in the lead up to the insolvency of the Company;
- ▶ Agreeing unsecured creditor claims and distributing the Prescribed Part;
- ▶ Ensuring all statutory reporting and compliance obligations are met; and
- ▶ Finalising the Administration, including payment of all Administration liabilities.

6.2 The end of the Administration

Following the extensions of the Administration of the Company as noted in paragraph 1.2 above, the Administration will end on 28 August 2021, although this period can be further extended by an application to Court. Given the outstanding issues in the administration and the impact the insolvencies of the other companies in the group will have on the outcome of the administration, we anticipate making an application to Court for a further extension to the period of administration.

If the only distribution to unsecured creditors is from the Prescribed Part, as is expected, then the Joint Administrators are required to distribute the Prescribed Part during the Administration, rather than placing the Company into liquidation simply for this purpose.

It is proposed that the Administration will end either through a subsequent liquidation or via dissolution depending on whether there are any assets remaining at the end of the Administration.

Currently, the Joint Administrators do not anticipate that there will be any assets remaining at the end of the Administration. Accordingly, it is proposed that if at the end of the Administration the Company has no property which might permit a distribution to its creditors other than by way of the Prescribed Part, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

6.3 Matters to be brought to the attention of the Joint Administrators

If there are any matters concerning the Company's affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

6.4 Reporting

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

The report will be made available on the following website:
<https://www.ey.com/uk/en/services/transactions/restructuring/ey-ppg-petrostem-insolvencies>

Should you wish to discuss any aspect of this report, please contact Gordon Wilson on 0131 777 2305.

Yours faithfully
for the Company



Gavin Yuill
Joint Administrator

C P Dempster and G D Yuill are licensed in the United Kingdom to act as Insolvency Practitioners by The Institute of Chartered Accountants of Scotland.

The affairs, business and property of the Company are being managed by the Joint Administrators, C P Dempster and G D Yuill, 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 UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), 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 Administrators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix A Statutory information

Company Information

Company Name: Petrostem (UK) Limited – in Administration
Registered Office Address: c/o Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR
Registered Number: 03581607
Date of incorporation: 15 June 1998
Trading Name(s): n/a
Trading Address(es): DFC House, Claymore Drive, Bridge of Don,
Aberdeen, AB23 8GB
Salyan Highway, Garadag, Baku City, Azerbaijan

Details of the Administrators and of their appointment

Administrators: Colin Peter Dempster and Gavin David Yuill
IP number: 8908 and 14218
Date of Appointment: 29 August 2018
By Whom Appointed: The appointment was made by the Company's Directors
Court Reference: High Court of Justice, Business and Property Courts of England and Wales: CR-2018-007195

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

Statement concerning the EC Regulation

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

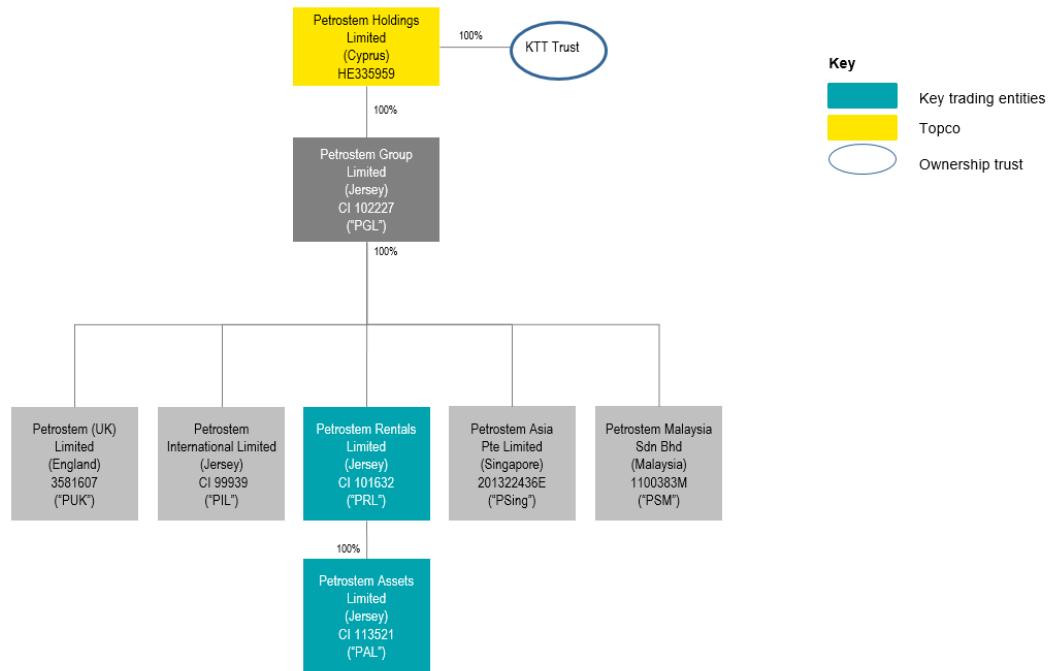
Share capital

Class	Authorised		Issued and fully paid	
	Number	£000	Number	£000
Ordinary (£1)	16,000	16,000	16,000	16,000

Directors and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Richard Gordon Morrice	Director	24 January 2005	-	-
Julian Charles Tyacke	Director	28 February 2018	-	-
Peter Duthie	Director	27 November 2014	11 January 2018	-
Petroleum Pipe Secretaries Limited	Company secretary	9 October 2008	-	-

Appendix B The Petrostem Group Structure



Appendix C

Joint Administrators' receipts and payments account for the period from 29 August 2020 to 28 February 2021

Estimated to realise as per Directors' Statement of Affairs	US\$	Period	Period	Total Period
		29 August 2018 to 28 August 2020	29 August 2020 to 28 February 2021	29 August 2018 to 28 February 2021
Receipts				
- Cash at Bank		672		672
672 Cash in Hand - petty cash		-		-
200,000 Stock and rental equipment		444,976		444,976
Other fixed assets		7,800		7,800
42,274 Pre-appointment debtor collections		265,134		265,134
- Accrued income		210,220		210,220
46,696 VAT receivable		42,446		42,446
- Bank interest received		1,307	10	1,317
- Interaccount transfers		201,527		201,527
- Trading surplus / (deficit) (see separate account)		175,232	(30,105)	145,127
289,642		1,349,315	(30,095)	1,319,220
Payments				
Net wages and salaries		83,670		83,670
Employers' NIC		11,043		11,043
Pension contributions		2,510		2,510
Office and yard costs		15,588		15,588
Utilities		16,250		16,250
Joint Administrators' fees		407,173	17,827	425,000
Joint Administrators' disbursements		5,617		5,617
Agents' fees and expenses		102,394		102,394
Legal fees		7,647	10,390	18,037
IT		7,607		7,607
Insurance		28,418		28,418
Sundry expenses		163		163
Public notices		360		360
Storage		19		19
Bank charges and interest		410	45	455
Preferential creditors		7,301		7,301
Interaccount transfers		201,702		201,702
VAT Payments		-		-
Distribution to Secured Creditor - Bank of Scotland plc			200,000	200,000
Exchange Rate Loss / (Gain)		(90)	(12,124)	(12,214)
		897,782	216,138	1,113,920
Net Receipts / (Payments) for the period		451,533	(246,233)	205,300
Represented by:				
Cash in hand				
Bank balances as at end of each period				
Royal Bank of Scotland		521,413		174,314
VAT receivable / (payable)		27,420		30,986
Intragroup - Petrostem Asia Pte Ltd		(97,300)		-
		451,533		205,300

Summary of the Joint Administrators' trading account for the period from 29 August 2018 to 28 February 2021

	Trading receipts	Period	Period	Total Period
		29 August 2018 to 28 August 2020	29 August 2020 to 28 February 2021	29 August 2018 to 28 February 2021
Trading receipts				
Post-appointment trading income		277,267		277,267
		277,267	-	277,267
Trading payments				
Equipment rental		93,234	30,105	123,339
Equipment storage and repairs		8,800		8,800
		102,034	30,105	132,139
Trading surplus / (deficit)		175,232	(30,105)	145,127

Notes

1. Payments are likely to require reapportionment between the four entities within the Petrostem Group which are subject to insolvency proceedings (e.g. where multiple entities utilise staff, yard space, etc. but are paid for by one entity) and as such are subject to amendment once final costs are known.
2. Receipts and payments are stated net of VAT or other applicable goods and services taxes.
3. These accounts do not reflect estimated future realisations or associated costs.
4. The following exchange rates have been applied to the above: GB£:US\$, 1.3.
5. The difference between interaccount receipts and payments represents (i) bank transfer fees and/or (ii) exchange differences.

Appendix D Summary of Joint Administrators' expenses incurred for the period from 29 August 2018 to 28 February 2021

Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)

\$	Estimate Dated 19 October 2018	Paid to 28 February 2021	Outstanding	Total
Sub-rental costs	95,000	123,339	Nil	123,339
Inspection and repair costs	25,000	8,800	Nil	8,800
Employee costs	75,000	97,223	Nil	97,223
Employee expenses	1,500	Nil	Nil	Nil
Software license	3,500	7,607	Nil	7,607
Rent	46,500	15,588	Nil	15,588
Utility charges	13,000	16,250	Nil	16,250
Agents' fees	57,500	102,394	Nil	102,394
Legal fees	20,000	18,037	7,500	25,537
Storage	1,000	19	981	1,000
Insurance	52,500	28,418	Nil	28,418
Statutory costs	2,000	523	1,000	1,523
Bank charges	500	(11,759)	11,759	Nil
Corporation tax	2,000	Nil	2,000	2,000
Total	395,000	406,439	23,240	429,679

Category 1 disbursements (see Note 2)

\$	Estimate Dated 19 October 2018	Paid to Date	Outstanding	Total
Accommodation and subsistence	2,500	2,201	Nil	2,201
Travel costs (excl. mileage)	4,000	3,075	6	3,081
Specific Bond	210	273	Nil	273
Postage and printing	500	108	Nil	108
Total	7,210	5,617	6	5,623

Category 2 disbursements (note 2)

\$	Estimate Dated 19 October 2018	Paid in Period	Outstanding	Total
Mileage	Nil	Nil	Nil	Nil
Totals	Nil	Nil	Nil	Nil

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.

Exceeding estimates of remuneration, disbursements and expenses

As required by the Rules, the Proposals included the Joint Administrators' estimate of remuneration, disbursement and expenses.

These estimates may be exceeded, in which case an explanation will be provided in the appropriate progress report. The Joint Administrators will only draw remuneration in excess of the estimate with the prior agreement of the approving body, in accordance with Rule 18.30 the Insolvency (England and Wales) Rules 2016.

Appendix E Joint Administrators' time costs for the period from 29 August 2020 to 28 February 2021 and cumulative from 29 August 2018 to 28 February 2021

Joint Administrators' time costs for the period from 29 August 2020 to 28 February 2021

	Staff Grade							Total Cost £	Average Rate £
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst		
Accounting and Administration	-	-	0.2	11.2	-	8.5	26.3	46.2	15,288.50
Bank & Statutory Reporting	4.0	-	0.5	22.5	-	-	9.7	36.7	19,082.00
Creditors (Mandatory)	-	-	-	0.6	-	-	-	0.6	354.00
Investigation/CDDA (Mandatory)	0.5	-	-	-	-	-	-	0.5	427.50
Statutory Duties	-	-	-	7.0	-	1.5	-	8.5	4,662.50
VAT & Taxation	-	-	-	3.9	-	-	-	3.9	2,301.00
Sale of Assets	-	-	-	-	-	-	-	-	-
Total Hours	4.5	-	0.7	45.2	-	10.0	36.0	96.4	
Time Costs (\$)	3,847.50	-	490.00	26,668.00	-	3,550.00	7,560.00		42,115.50
Average Hourly Rate (\$)	855.0	-	700.0	590.0	-	355.0	210.0		436.9
Category 1 Disbursements (\$)	-								
Category 2 Disbursements (\$)	-								
	-								

Note: Time is charged in 6 minute intervals

Joint Administrators' time costs for the period from 29 August 2020 to 28 February 2021 and cumulative from 29 August 2018 to 28 February 2021

Joint Administrators' cumulative time costs for the period from 29 August 2018 to 28 February 2021

	Staff Grade							Total Cost \$	Average Rate \$
	Partner	Associate Partner	Director	Assistant Director	Manager	Executive	Analyst		
Accounting and Administration	2.5	0.4	4.4	100.7	35.9	118.2	60.4	322.5	137,374.50
Bank & Statutory Reporting	26.0	-	23.1	138.0	1.0	5.5	20.9	214.5	126,651.50
Creditors (Mandatory)	8.5	-	7.1	20.4	14.5	46.0	3.8	100.3	48,506.50
Debtors	-	-	0.1	8.7	46.5	24.5	0.3	80.1	36,748.50
Employee Matters	-	-	2.4	1.6	2.2	23.4	-	29.6	12,009.00
Immediate Tasks	0.5	-	2.7	-	-	38.0	-	41.2	15,808.00
Investigation/CDDA (Mandatory)	28.0	-	9.3	8.9	2.5	13.5	-	62.2	41,718.50
Job Acceptance & Strategy (M)	-	-	1.4	-	-	-	-	1.4	980.00
Legal Issues	-	-	-	0.2	-	-	-	0.2	118.00
Other Assets (Mandatory)	0.5	-	4.1	-	-	-	-	4.6	3,298.00
Other Matters	-	-	10.9	8.9	14.0	-	-	33.8	19,741.00
Property	-	-	-	-	1.0	-	0.6	1.6	616.00
Statutory Duties	0.5	-	3.1	13.0	9.0	37.4	0.3	63.3	28,017.00
Stock and Fixed Assets	1.5	-	5.8	3.0	94.3	16.0	-	120.6	59,119.50
Trading (Mandatory)	1.5	-	0.8	45.6	11.0	-	5.3	64.2	35,249.50
VAT & Taxation	-	-	-	38.3	5.8	2.4	1.3	47.8	26,226.50
Sale of Assets	-	-	-	-	-	-	-	-	-
Total Hours	69.5	0.4	75.2	387.3	237.7	324.9	92.9	1,187.9	
Time Costs (\$)	59,422.50	280.00	52,640.00	228,507.00	116,473.00	115,350.00	19,509.00		592,182.00
Average Hourly Rate (\$)	855.0	700.0	700.0	590.0	490.0	355.0	210.0		498.5
Category 1 Disbursements (\$)	5,623.00								
Category 2 Disbursements (\$)	-								
	5,623.00								

Note: Time is charged in 6 minute intervals

Appendix F

Joint Administrators' time costs for the period from 29 August 2018 to 28 February 2021 and a comparison with the fee estimate dated November 2019

	Per Fees Estimates			Actuals in this period			Total Actual to Date		
	Total Hours	Total Cost	Average Rate	Total Hours	Total Cost	Average Rate	Total Hours	Total Cost	Average Rate
Accounting and Administration	150.0	53,368.00	356	46.2	15,288.50	331	322.5	137,374.50	426
Bank & Statutory Reporting	95.0	52,250.00	550	36.7	19,082.00	520	214.5	126,651.50	590
Creditors (Mandatory)	80.0	29,686.00	371	0.6	354.00	590	100.3	48,506.50	484
Debtors	80.0	34,800.00	435	-	-	-	80.1	36,748.50	459
Employee Matters	28.0	12,429.00	444	-	-	-	29.6	12,009.00	406
Immediate Tasks	42.2	16,163.00	383	-	-	-	41.2	15,808.00	384
Investigation/CDDA (Mandatory)	57.0	28,053.00	492	0.5	427.50	855	62.2	41,718.50	671
Job Acceptance & Strategy (M)	-	-	-	-	-	-	1.4	980.00	700
Legal Issues	-	-	-	-	-	-	0.2	118.00	590
Other Assets (Mandatory)	10.5	6,878.00	655	-	-	-	4.6	3,298.00	717
Other Matters	47.5	31,160.00	656	-	-	-	33.8	19,741.00	584
Property	4.0	2,260.00	565	-	-	-	1.6	616.00	385
Statutory Duties	70.0	33,568.00	480	8.5	4,662.50	549	63.3	28,017.00	443
Stock and Fixed Assets	82.0	44,428.00	542	-	-	-	120.6	59,119.50	490
Trading (Mandatory)	40.0	18,900.00	473	-	-	-	64.2	35,249.50	549
VAT & Taxation	127.0	61,204.00	482	3.9	2,301.00	590	47.8	26,226.50	549
Sale of Assets	-	-	-	-	-	-	-	-	-
Total	913.2	425,147.00	466	96.4	42,115.50	437	1,187.9	592,182.00	499

Appendix G

Joint Administrators' time costs – explanation of the work done and ongoing

Category of work	Description of work done and ongoing
Accounting & Administration	<ul style="list-style-type: none"> ▶ Overall management of the case, treasury and accounting functions.
Bank and Statutory Reporting	<ul style="list-style-type: none"> ▶ Regular reporting to the Company's secured creditor. ▶ Preparing the Joint Administrators' Statement of Proposals, six monthly progress reports and final report.
Creditors	<ul style="list-style-type: none"> ▶ Receipt and recording of creditor claims. ▶ Correspondence with creditors. ▶ Processing distributions to the secured, preferential and unsecured creditors. ▶ Calculating the Companies' net property and Prescribed Part.
Debtors	<ul style="list-style-type: none"> ▶ Reviewing the Company's debtor's ledger, collating information on the outstanding balances and realising the book debts. ▶ Reviewing the amounts due by related parties, investigating how best to realise value from these balances and negotiating recoveries where possible.
Employee Matters	<ul style="list-style-type: none"> ▶ Dealing with any employee enquiries. ▶ Processing employee claims.
Immediate Tasks	<ul style="list-style-type: none"> ▶ Completion of work streams requiring immediate attention following the appointments, in order to execute the strategy outlined in the Proposals.
Investigations	<ul style="list-style-type: none"> ▶ Investigations into the Company's 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.
Legal Issues	<ul style="list-style-type: none"> ▶ Dealing with any ad hoc legal issues.
Other Assets	<ul style="list-style-type: none"> ▶ Realising value from the Company's other assets (excluding debtors, property, stock and fixed assets). ▶ Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment.
Property	<ul style="list-style-type: none"> ▶ Liaising with the landlords of the Company's offices and yards and exiting the properties when appropriate.
Statutory Duties	<ul style="list-style-type: none"> ▶ Completion of statutory requirements of the administration, including notifications to creditors and members, advertising the appointment, reporting to creditors on a 6-monthly basis and at the conclusion of the administration together with appropriate filing at Companies House
Stock and Fixed Assets	<ul style="list-style-type: none"> ▶ Marketing for sale the drill pipe and related tools/accessories together with the negotiation and completion of sales thereafter.
Trading	<ul style="list-style-type: none"> ▶ Reviewing outstanding rental contracts and liaising with suppliers and customers thereto with a view to agreeing a managed handover of those rental contracts, as outlined in the Proposals. ▶ Managing staff retained to support the Joint Administrators in completion of their various duties.
VAT & Taxation	<ul style="list-style-type: none"> ▶ Preparing corporation tax and VAT returns. ▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administration.

Appendix H

Statement of administrators' charging policy for remuneration and disbursements pursuant to Statement of Insolvency Practice No.9

The Joint Administrators have engaged managers and other staff to work on the Administration. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established specifically for this engagement. Time is recorded in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below:

Grade	Hourly rate (\$)	Equivalent hourly rate (£)
Partner	855	658
Executive Director / Director	700	538
Senior Manager	590	454
Manager	490	377
Senior (Level 3)	450	346
Senior (Level 1 / 2)	355	273
Analyst	210	162
Intern	185	142

Note: Equivalent hourly rate is based on exchange rate of £1 / \$1.30

Administrators' charging policy for disbursements

Statement of Insolvency Practice No. 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn.

Details of Category 1 or Category 2 expenses incurred to date are included at Appendix D.

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