

Our ref: PRS\RAY\WXE/1069715/31/ADMP1340  
Your ref:

## TO ALL KNOWN CREDITORS

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2 March 2017

Dear Sirs

### Enecsys UK Limited - In Liquidation ("the Company")

I write further to the appointment of Graham Bushby and I as Joint Liquidators of the Company on 1 February 2016, and the preceding appointment of us as Joint Administrators on 30 January 2015.

### PROOFS OF DEBT

A total of £1,297,771 has been realised in the Administration and Liquidation of the Company and expenses in the same period total £382,257. To date, we have received creditor claims in the value of £12,758,136. After deductions for the Liquidators' costs and outstanding external expenses, we anticipate that there will be a dividend in the region of 6p in the £ for unsecured creditors (based on the current level of creditor claims and excluding unexpected additional costs).

In order to finalise this figure and make the correct distributions, however, we now invite creditors to submit final proofs of debt for the amounts owed to you by the Company as at the date that it went into Administration.

### Warranty Claims

We are aware that the Company gave a warranty to customers purchasing micro-inverters and that customers may have claims for faults (or anticipated faults) with micro-inverters limited to the purchase price of the micro-inverter(s). Given the number of customers of the Company, the value of micro-inverters and the limited funds available for distribution to creditors, if creditors can show valid proof of purchase (and installation) of micro-inverters then the proposed Liquidators will assume that the Company gave a limited warranty to that creditor.

### Faulty Micro-inverters

In order to claim for a faulty micro-inverter, in addition to proving purchase and installation, creditors must prove that, in accordance with the terms of the warranty, the installer that originally installed the micro-inverter (or an authorised representative of the Company) was unable to fix the alleged defect. Creditors will also need to supply the model and serial number(s) of the defective micro-inverter(s) and a detailed description of the defect with this evidence.

Subject to providing this proof and additional information, the value of a warranty claim for faulty micro-inverter(s), which will be limited to the purchase price of the micro-inverter(s), will be calculated in accordance with the terms of the warranty by multiplying the purchase price of the faulty micro-inverter(s) by the percentage of the warranty period remaining as at the date of the defect. The formula for calculating warranty claims for faulty micro-inverters will therefore be as follows:

*purchase price of defective micro inverter x percentage of relevant warranty period remaining rounded down to nearest year*

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Taking the example of a micro-inverter which developed a defect in 2013 with 18 years remaining on its 20 year warranty when the Company went into Administration, on the basis that the approximate cost of a micro-inverter was £200 and that (as noted above) there may be an approximate distribution of 6p in the £ to unsecured creditors, an unsecured creditor is likely to receive a distribution of £10.80 per defective micro-inverter, calculated as follows:

$$£200 \times 0.9 \times 0.06 = £10.80$$

### Functioning Micro-inverters

In order to claim for faults with micro-inverters that are anticipated, but have yet to occur, in addition to proving purchase and installation, creditors need to supply the model and serial number(s) of their micro-inverter(s).

Subject to providing this proof and additional information, the value of a contingent claim for a micro-inverter which has yet to malfunction will be calculated by first multiplying the approximate cost of a micro-inverter by half of the warranty period remaining in respect of the micro-inverter(s) as at the date that the Company went into Administration, because it is not possible to predict when a currently functioning micro-inverter will (if at all) develop a fault (and this assumes the mid-point between the Administration of the Company and the expiry of the relevant limited warranty).

Finally, as a functioning micro-inverter may not actually develop a fault, this figure will be multiplied by the anticipated failure rate of micro-inverters of 6% (as set out as the likely failure rate of micro-inverters in the information memorandum prepared by the directors of the Company prior to Administration).

The value of contingent claims will be limited to the purchase price of the relevant micro-inverter(s) and the formula for calculating contingent warranty claims for micro-inverters will therefore be as follows:

$$\text{purchase price of micro inverter} \times \text{percentage of relevant warranty period remaining rounded down to nearest year} \times 0.06 \times \text{failure rate}$$

Again, taking the example of a micro-inverter which was purchased in 2013 and had 18 years remaining on its 20 year warranty when the Company entered Administration, on the basis that the approximate cost of a micro-inverter was £200 and that (as noted above) there may be an approximate distribution of 6p in the £ to unsecured creditors, an unsecured contingent creditor is likely to receive a distribution of 32p for each currently functioning micro-inverter, calculated as follows

$$£200 \times 0.9 \times 0.5 \times 0.06 \times 0.06 = £0.32$$

I enclose a proof of debt form which I would be grateful if you would complete and return to my office by **4 April 2017**, setting out the the basis of the calculation used.

If you have any queries please contact William Eyre or Excella Simmons of my office.

Yours faithfully



**Phillip Sykes**  
**RSM Restructuring Advisory LLP**  
**Joint Liquidator**

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Phillip Sykes is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales  
Graham Bushby is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales  
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