

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192 of the Insolvency Act 1986

To the Registrar of Companies

Company Number

03374330

Name of Company

Aardvark TMC Limited

I / We

Mark Granville Firmin, 1 The Embankment, Neville St, Leeds, LS1 4DW

Brian Green, 1 The Embankment, Neville St, Leeds, LS1 4DW

Howard Smith, 1 The Embankment, Neville St, Leeds, LS1 4DW

the liquidator(s) of the company attach a copy of my/our Progress Report under section 192 of the Insolvency Act 1986.

The Progress Report covers the period from 15/05/2013 to 14/05/2014

Signed Howard Smith Date 8/7/14

KPMG LLP
1 The Embankment
Neville St
Leeds
LS1 4DW

Ref: AD516D0001/MFG

SATURDAY



A17 "A3BZMYIH" #168
12/07/2014
COMPANIES HOUSE



**Aardvark TMC Limited – in
Liquidation (“the Company”)**

Annual Report to creditors
pursuant to Section 104A of
the Insolvency Act 1986
for the period 15 May 2013
to 14 May 2014

KPMG LLP

26 June 2014

This report contains 24 pages

MGF/SC/KF



Glossary

the Banks	HSBC Bank Plc and Clydesdale Bank
Becap	Becap Capital Coal Limited
the Company	Aardvark TMC Limited – in Liquidation (company number: 03374330)
DBIS	Department of Business, Innovation and Skills
the Directors	Alistair Black Andrew Weatherstone David Lancashire Peter Morgan James Wilson Derek Pollock
Dentons UKMEA LLP	Dentons
Euler Hermes	Euler Hermes (UK) Limited
The Hivocos	OCCW (Netherton) Limited and OCCW (Duncanziemere) Limited
HSML	Hargreaves Surface Mining Limited
HMRC	HM Revenue & Customs
IA 86	The Insolvency Act 1986
IR 86	The Insolvency Rules 1986 (as amended)
Iron Mountain	Iron Mountain (UK) Limited
Joint Liquidators	Mark Firmin, Brian Green and Howard Smith of KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW
KPMG	KPMG LLP
ATH Resources	ATH Resources Plc



About this report

This annual report has been prepared by Mark Firmin, Brian Green and Howard Smith of KPMG LLP, the Joint Liquidators of the Company solely to comply with their statutory duty to report to members and creditors under Section 104A of the Insolvency Act 1986, and to provide an account of their acts and dealings and of the conduct of the Liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, 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 person that chooses to rely on this report for any purpose or in any context other than under Section 104A of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Mark Firmin and Brian Green are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

The appointments of the Joint Liquidators are personal to them and, to the fullest extent permitted by law, KPMG LLP do not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the liquidation. Please note that unless stated otherwise, all amounts in this report and appendices are stated net of VAT.



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1 Executive Summary

I was appointed Joint Liquidator of the Company together with Mark Firmin and Brian Green by the members of the Company on 15 May 2013. Our appointment was ratified by the creditors of the Company at a meeting of creditors held at The Hilton Hotel, 1 William Street, Glasgow on 24 May 2013.

In accordance with Section 104A of the Insolvency Act 1986, I set out below my annual report on the progress of the Liquidation. This report covers the 12 month period from 15 May 2013 to 14 May 2014.

Full details of the progress of the Liquidation are detailed below with all the relevant statutory information included by way of Appendices.

Joint Liquidator – Howard Smith



2 Progress to Date

2.1 Background

As previously reported, immediately following their appointment, the Joint Liquidators made an application to Court to seek relief to exercise certain powers to enable the disposal of the Company’s business and assets, prior to the meeting of the Company’s creditors

Following the making of the order by the Court, the Joint Liquidators concluded a sale of the business and certain assets of the Company to HSML and transferred certain land relating to the active coaling sites at Netherton and Duncanziemere to the Hivecos, two newly formed subsidiaries of the Company. In order to maintain operations at Netherton and Duncanziemere the directors of the Hivecos entered into a service agreement with HSML, who have assumed full operational responsibility at both sites. As part of the sale, 237 of the Company’s employees transferred to HSML.

The consideration payable in respect of the business and assets was £6,429,800 and this was apportioned as follows.

	£
Motor Vehicles and Fixtures	50,000
Stock	46,000
Properties	615,800
Fixed Plant	650,000
Encumbered Plant and Equipment	1,313,650
Unencumbered Plant and Equipment	1,454,350
Contracts and Trade debts	1,299,998
Coal Stocks	1,000,000
All other Assets	1
Goodwill	1
Total consideration	<u>£6,429,800</u>

The Hivecos were set up to enable the land associated with the ongoing coaling operations at Netherton and Duncanziemere to be transferred into them. This land could not be immediately transferred to HSML, without certain planning permissions and consents being granted, due to the significant restoration liabilities attached to the land.

The assets transferred into the Hivecos for a total consideration of £588,200 (apportioned in respect of land of £438,200 and cash of £150,000). This is currently represented as an intercompany loan to the Hivecos.



On receipt of the requisite planning consents and permissions, HSML will acquire the shares in the Hivocos for £1, at which point the intercompany debt will be settled and the Company will receive £588,200 in respect of the assets transferred.

In addition, assets relating specifically to the Glenmuckloch site were transferred to a special purpose vehicle owned by Buccleuch Estates Limited. The consideration for these assets was £1.

2.2 Strategy

The majority of the business and assets had transferred to HSML as a result of the above transaction. Accordingly, the Joint Liquidators are seeking to realise the remaining assets, including the recovery of the loans due from the Hivocos.

2.3 Communication

Following their appointment, the Joint Liquidators wrote to all known creditors on 15 May 2013 advising them of their appointment and attaching details of the sale of the business and assets. Shortly thereafter, on 29 May 2013, the Joint Liquidators wrote to all known creditors enclosing a copy of the Directors’ report which had been presented at the meeting of creditors on 24 May 2013.

2.4 Assets

2.4.1 Sale of business and assets

As detailed in Section 2.1, a sum of £6,429,800 was realised as a result of the sale of the business and assets.

2.4.2 Pre-appointment funds held by solicitors

Prior to the Joint Liquidators’ appointment, the Company had deposited funds with their solicitors to pay their ongoing pre-appointment legal costs. An amount of £336,020 has been received, which represents the balance of the funds held by the Company’s pre-appointment solicitors.

2.4.3 Cash at bank

At the date of the appointment of the Joint Liquidators the Company had cash at bank of £6,443,118. This was recovered in full following the Joint Liquidators’ appointment.

2.4.4 Rates refunds

In September 2013, the Joint Liquidators instructed a specialist surveyor to undertake a number of business rates revaluation appeals in respect of the Company’s former sites.

As a result, a total of £198,031 has been received in the period.



2.4.5 **Third party funds**

A total of £1,825,348 has been received in the period in respect of amounts which were due to HSML under the sale of business and assets detailed in Section 2.1. These funds have been transferred to HSML in the period.

2.5 **Liabilities**

2.5.1 **Secured creditors**

Hargreaves Surface Mining Limited

As previously reported, HSML purchased the secured debt of the Company from Becap on 1 March 2013 and hold a first ranking fixed and floating charge over the Company's assets. At the date of appointment, HSML were owed £13,123,343.

During the period the Joint Liquidators have made distributions totalling £9,929,800 to HSML under their security.

Euler Hermes (UK) Limited

As part of the Company's restoration obligations, bonds were provided to cover the costs of restoration should the Company be unable to meet its obligations. As security agent to the bond providers, Euler Hermes has a second ranking fixed and floating charge over the Company's assets. As there will be insufficient funds to enable a distribution to Euler Hermes under their security, they have agreed to release their security and the amount owed to Euler Hermes will rank as an unsecured claim in the liquidation.

2.5.2 **Preferential creditors**

As previously mentioned, 237 employees transferred to HSML as part of the sale of business and assets and therefore the Joint Liquidators do not currently anticipate any preferential claims in the liquidation.

2.5.3 **Unsecured creditors**

The Directors' statement of affairs estimated that unsecured creditors totalled £98,053,959, which comprises mainly of the amounts due to the bond providers, a large intercompany balance owed to ATH Resources and the outstanding restoration liabilities.

The Insolvency Act 1986 (Prescribed Part) Order 2003 is applicable in this case as HSML's security post dates 15 September 2003. The Prescribed Part is calculated as a percentage of the Company's net property. The Company's net property is the net amount available to the floating charge holder(s) after the payment of costs and preferential creditors and is currently estimated to be approximately £10,233,066.

In this instance, it is estimated that a maximum Prescribed Part fund of £600,000 (before the costs of agreeing creditor claims and making the distribution) will be available for the benefit of unsecured creditors.



Accordingly, the Joint Liquidators will be writing to all known creditors in due course to request details of any claim that they have against the Company.

2.6 Expenses for the period

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2).

The office holders’ time costs for the period of this report are also attached (see Appendix 3)

The statutory provisions relating to remuneration are set out in Rule 4.127 of the Insolvency Rules 1986. A creditors’ guide to fees can be found at

[http://www.r3.org.uk/media/documents/publications/professional/Guide to Liquidators Fees Nov2011.pdf](http://www.r3.org.uk/media/documents/publications/professional/Guide%20to%20Liquidators%20Fees%20Nov2011.pdf)

If you are unable to access this guide and would like a copy, please contact Kevin Flatley on 0113 231 3155

For the period from appointment to 14 May 2014 we have incurred time costs of £449,304, representing 1,465 hours at an average rate of £307 per hour. This includes the Tax, VAT, Employee, Health and Safety and Pensions advice from KPMG LLP in-house specialists

A detailed breakdown of the charge out rates for the duration of the Liquidation is included in Appendix 2 to this Report. Please note the Joint Liquidators’ charge out rates have been fixed for the duration of the liquidation at the rates applicable at the date of the liquidation and are not subject to any increases in the general charge out rates of KPMG LLP

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of the charge out rates

Creditors voted in favour of the following resolutions in relation to the Joint Liquidators’ remuneration, by creditor resolution

- “In the event that a liquidation committee is not formed, that the remuneration of the Joint Liquidators be drawn on the basis of time properly spent by the Joint Liquidators and their staff in attending to matters arising in the liquidation at KPMG LLP standard charge-out rates for the nature of this work”, and
- “That the Joint Liquidators be able to draw category 2 disbursements, which are to be charged in accordance with KPMG LLP disbursements policy as attached”.

For the avoidance of doubt, creditors voted not to form a liquidation committee



*Aardvark TMC Limited – in Liquidation (“the Company”)
Annual Report to creditors pursuant to Section 104A of the Insolvency Act 1986
for the period 15 May 2013 to 14 May 2014
KPMG LLP
26 June 2014*

During the period, the Joint Liquidators have drawn fees of £300,000 and disbursements of £1,582

Expenses for this period total £2,812,790 including amounts not yet paid (see Appendix 4 for details)

Additional information about the expenses charged the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 4.49E Insolvency Rules 1986 and to challenge the Joint Liquidator’s remuneration and expenses under Rule 4.131 Insolvency Rules 1986 are included in Section 8 should creditors wish to do so.



3 Comments on the Appendices

3.1 Appendix 1: Statutory Information

3.2 Appendix 2: Receipts & payments account for the period

Receipts

Please see Section 2.4 for comments on the receipts during the period

Payments

3.2.1 Joint Liquidators’ fees and disbursements

Please see Section 2.6 for details of the Joint Liquidators’ fees and disbursements.

3.2.2 Legal fees and disbursements

Dentons have provided legal advice to the Company in respect of the following matters.

- disclaimer of land, leases, licences and agreements of the Company,
- preparation for and convening of the meeting of creditors on 24 May 2013, and
- general ongoing advice in the Liquidation

During the period, Dentons have been paid £121,863 in respect of their time costs and £9,075 in respect of their disbursements

In addition, Dundas & Wilson have provided legal advice to the Company in respect of Scottish property law and any other matters in the liquidation specific to Scotland. During the period, Dundas & Wilson have been paid £50,267 in respect of their time costs and £9,824 in respect of their disbursements.

3.2.3 Pre-appointment legal fees and disbursements

Prior to the Joint Liquidators’ appointment Addleshaw Goddard provided advice in relation to the security held over the Company’s assets. A fee of £17,000 was paid to Addleshaw Goddard in respect of this together with disbursements of £94.

Dentons provided legal advice prior to the Joint Liquidators’ appointment in relation to the proposed sale of the business and assets, disclaimer of onerous assets and the appointment of the Joint Liquidators. Fees of £55,877 have been paid to Dentons in this regard together with disbursements of £35,286 (including the costs of counsel)

Dundas and Wilson provided legal advice prior to the meeting of creditors in relation to Scottish property law and the proposed sale of the business and assets. Fees of £5,039



have been paid to Dundas & Wilson in respect of this together with disbursements of £7,223

Total legal fees and disbursements in relation to pre-appointment advice received by the Company are £77,916 and £42,603 respectively

3.2.4 Repayment of third party funds

Third party funds of £1,825,348, as detailed in Section 2.4.5, have been paid to HSML in the period

3.2.5 Agents’ fees

As detailed in Section 2.4.4, the Joint Liquidators have instructed a specialist surveyor to realise a number of rates refunds for the Company. A sum of £41,500 has been paid in the period in this regard

3.3 Analysis of office holders’ time costs

3.3.1 Appointment and related formalities

Time costs of £40,498 (150 hours) have been incurred in relation to the Joint Liquidators’ appointment and the related formalities.

3.3.2 Strategy documents

During the period, time costs of £24,397 (54 hours) have been incurred in developing, revising and documenting the liquidation strategy. This has included discussions with our legal advisors and other key stakeholders.

3.3.3 General creditor correspondence

The Joint Liquidators have incurred time costs of £76,801 (299 hours) in dealing with general creditor correspondence regarding the liquidation and creditors’ claims.

3.3.4 Secured creditors

Time costs of £20,454 (48 hours) have been incurred in respect of correspondence with HSML, including regular reporting

3.3.5 Investigations

During the period, the Joint Liquidators submitted their confidential report to DBIS. Total time costs of £42,755 (147 hours) have been incurred in preparing and submitting this report

3.3.6 Freehold property

The Joint Liquidators have incurred time costs of £39,033 (108 hours) in dealing with the freehold property of the Company and related issues regarding the disclaimers issued on appointment



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26 June 2014*

3.4 Expenses for the period

Expenses for the period are summarised in Appendix 4 which includes the time costs as analysed in Appendix 3



4 Appendix 1

4.1 Statutory Information

Appointment	
For period	15 May 2013 to 14 May 2014
Company name	Aardvark TMC Limited
Nature of business	Open cast coal mining
Date of appointment	15 May 2013
Office holder details	<p>Mark Granville Firmin of KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW was appointed on 15 May 2013 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales</p> <p>Brian Green of KPMG LLP, St James’s Square, Manchester, M2 6DS was appointed on 15 May 2013 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales</p> <p>Howard Smith of KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW was appointed on 15 May 2013 and is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association</p>
Registered number	03374330
Date of incorporation	21 May 1997
Previous name	Aranstyle Limited
Present registered office	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Previous registered office	Aardvark House Sidings Court Doncaster South Yorkshire DN4 5NU



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Subsidiaries	None														
Shareholding	<p>The authorised share capital of the Company is 100,000 ordinary shares of 1p each, of which 100,000 ordinary 1p shares have been issued. In addition 20,000 1p B shares have been issued. These are held as follows:</p> <table><thead><tr><th>Name</th><th>Shareholding</th></tr></thead><tbody><tr><td>ATH Resources plc</td><td>100,000 ordinary 1p shares</td></tr><tr><td>Jane Elizabeth Allchurch</td><td>2,499 B shares</td></tr><tr><td>Alchemy Partners Nominees Limited</td><td>14,900 B shares</td></tr><tr><td>Lynn Port</td><td>200 B shares</td></tr><tr><td>Karen Elizabeth Hodgson</td><td>735 B shares</td></tr><tr><td>Elizabeth Mary Tod</td><td>1,666 B shares</td></tr></tbody></table>	Name	Shareholding	ATH Resources plc	100,000 ordinary 1p shares	Jane Elizabeth Allchurch	2,499 B shares	Alchemy Partners Nominees Limited	14,900 B shares	Lynn Port	200 B shares	Karen Elizabeth Hodgson	735 B shares	Elizabeth Mary Tod	1,666 B shares
Name	Shareholding														
ATH Resources plc	100,000 ordinary 1p shares														
Jane Elizabeth Allchurch	2,499 B shares														
Alchemy Partners Nominees Limited	14,900 B shares														
Lynn Port	200 B shares														
Karen Elizabeth Hodgson	735 B shares														
Elizabeth Mary Tod	1,666 B shares														
Directors	<p>The following directors are in office, or have held office in the last three years</p> <p>Alistair Black David Kenneth Lancashire Peter Morgan Derek Ivor Pollock Andrew Paul Weatherstone James David Wilson David Charles Port (resigned 19 December 2012) John Keith Hodgson (deceased) Brian Jackson (resigned 9 September 2011) Steven Beaumont (resigned 30 September 2010) Thomas John Allchurch (resigned 28 July 2010) Michael Thomas Winton Tod (resigned 28 July 2010)</p>														
Company Secretary	Andrew Paul Weatherstone Steven Beaumont (resigned 30 September 2010)														
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.														



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for the period 15 May 2013 to 14 May 2014*

KPMG LLP
26 June 2014

5 Appendix 2

5.1 Office holders’ receipts and payments account

Aardvark TMC Limited (In Liquidation) Liquidators’ Abstract of Receipts & Payments			
Statement of Affairs		From 15/05/2013 To 14/05/2014	From 15/05/2013 To 14/05/2014
	FIXED CHARGE ASSETS		
750,000 00	Freehold land & buildings	615,800 00	615,800 00
480,000 00	Fixed plant	650,000 00	650,000 00
1 00	Goodwill	1 00	1 00
		1,265,801 00	1,265,801 00
	FIXED CHARGE CREDITORS		
(13,123,343.00)	First ranking fixed charge holder	1,265,801.00	1,265,801 00
(28,135,000 00)	Second ranking fixed charge holder	NIL	NIL
		(1,265,801 00)	(1,265,801 00)
	HP/LEASING		
7,803,825 00	Mobile plant	NIL	NIL
(6,485,522.00)	HP creditor inc claim on full proceeds	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
	Motor Vehicles	50,000 00	50,000 00
1,724,453 00	Mobile plant unencumbered	1,454,350 00	1,454,350 00
10,000.00	Fixtures and fittings	NIL	NIL
1,117,710 00	Coal stocks	1,000,000 00	1,000,000 00
45,182.00	Fuel stock	NIL	NIL
1,836,142 00	Book debts	1,299,998 00	1,299,998 00
123,478 00	Plant spares	46,000 00	46,000 00
236,448 00	Other debtors	NIL	NIL
	Other assets	1 00	1 00
	Financed equipment	1,313,650 00	1,313,650 00
	Pre-appointment funds held by solicitors	336,019 98	336,019 98
6,448,433 00	Cash at bank	6,443,118.29	6,443,118.29
1,323 00	Petty cash	854 01	854 01
50,000.00	Prepayments	NIL	NIL
		11,943,991.28	11,943,991.28
	OTHER REALISATIONS		
	Bank interest, gross	8,978 86	8,978 86
	Legal fees refund	2,514 87	2,514 87
	Rates refund	198,031 36	198,031.36
	Sundry refunds	5,776.71	5,776 71
	Third party funds	1,825,348 13	1,825,348 13
	Pension refund	355 56	355 56
		2,041,005 49	2,041,005 49
	COST OF REALISATIONS		
	Fee for preparing statement of affairs	1,500 00	1,500 00
	Liquidators’ fees	300,000 00	300,000 00
	Liquidators’ expenses	1,581 64	1,581 64
	Fee for convening section 98 meeting	25,000 00	25,000 00
	Section 98 expenses	1,328 99	1,328 99
	Cash to OCCW (Netherton)	93,000.00	93,000 00
	Cash to OCCW (Duncan,emere)	57,000 00	57,000 00
	Legal fees	172,130 00	172,130 00
	Legal disbursements	18,898 89	18,898 89
	Pre-appointment legal fees	77,915 84	77,915 84



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KPMG LLP
 26 June 2014

Aardvark TMC Limited
(In Liquidation)
Liquidators' Abstract of Receipts & Payments

Statement of Affairs	From 15/05/2013 To 14/05/2014	From 15/05/2013 To 14/05/2014
Pre-appointment disbursements	42,602.52	42,602.52
Repayment of third party funds	1,825,348.13	1,825,348.13
Agents fees	41,500.00	41,500.00
Storage costs	21.75	21.75
Re-direction of mail	780.00	780.00
Statutory advertising	1,741.35	1,741.35
Insurance of assets	339.20	339.20
Wages, salaries & holiday pay	1,124.59	1,124.59
Bank charges	268.30	268.30
	<u>(2,662,081.20)</u>	<u>(2,662,081.20)</u>
PREFERENTIAL CREDITORS		
(415,351.00) Wages salaries & holiday pay	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
FLOATING CHARGE CREDITORS		
Floating charge	8,663,999.00	8,663,999.00
	<u>(8,663,999.00)</u>	<u>(8,663,999.00)</u>
UNSECURED CREDITORS		
(2,383,409.54) Trade & expense	NIL	NIL
(2,462,771.00) Staff claims for redundancy	NIL	NIL
(30,743,527.00) Restoration liabilities	NIL	NIL
(1,846,136.00) Contract termination claims	NIL	NIL
(26,641,136.00) Intercompany loans	NIL	NIL
(557,727.00) Accruals	NIL	NIL
(3,968,428.00) HMRC	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS		
(1,000.00) Ordinary shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(96,136,655.54)</u>	<u>2,658,916.57</u>	<u>2,658,916.57</u>
REPRESENTED BY		
VAT receivable		127,487.84
Current account		2,549,392.41
Fixed charge VAT payable		(87,640.00)
VAT payable		(142.73)
Floating ch. VAT control		(30,180.95)
		<u>2,658,916.57</u>



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6 Appendix 3

6.1 Analysis of office holders’ time costs for the period 15 May 2013 to 14 May 2014

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Consolidated Time Spent by grade							
Activity							
Administration & planning							
Bankrupt/Director/Member							
Share Registrars			0 70		0 70	£175 00	£250 00
Statutory reports		4 00			4 00	£1,800 00	£450 00
Cashiering							
General (Cashiering)	3.30		15 70		19 00	£5,343 00	£281 21
Reconciliations (& IPS accounting reviews)		0 20	2 70		2 90	£739 00	£254 83
General							
Books and records		2.00	27 30		29 30	£7,400 00	£252 56
Fees and WIP	15 70		11 20	1 90	28 80	£10,551 50	£366 37
Statutory and compliance							
Appointment and related formalities	20 10	14 30	113 75	1 50	149 65	£40,498 25	£270 62
Bonding and bordereau			0 50		0 50	£125 00	£250 00
Checklist & reviews		9 10	43 60		52 70	£13,189 50	£250 28
Closure and related formalities	0 10				0 10	£56 50	£565 00
Pre-appointment checks	1 60				1 60	£776 00	£485 00
Reports to debenture holders	1 00	19 10	28 10		48 20	£14,845 00	£307 99
Statutory advertising	0 50				0 50	£282 50	£565 00
Strategy documents	23 00	28 10	2 50		53 60	£24,397 50	£455 18
Tax							
Initial reviews - CT and VAT	2.50	20 55	1 00		24 05	£9,328 75	£387 89
Post appointment corporation tax	1 20	9 70		0 70	11 60	£4,659.50	£401 68
Post appointment VAT	6 00	6 10	31 20		43 30	£12,481 00	£288 24
Creditors							
Creditors and claims							
Agreement of preferential claims	2 00				2 00	£1,130 00	£565 00
Agreement of unsecured claims	1 50	2 80			4 30	£1,869 50	£434 77
General correspondence	21 40	15.70	260 10	2 00	299 20	£76,800 50	£256 69
Legal claims	18 30	2 30	5 00		25 60	£11,078.00	£432 73
Notification of appointment		2 00			2 00	£900 00	£450 00
Payment of dividends	1 00				1 00	£565 00	£565 00
Pre-appointment VAT / PAYE / CT			2 40		2 40	£541 50	£225 63
ROT Claims	6 20	23 10	23 30		52 60	£17,719 50	£336 87
Secured creditors	23 40	15 80	9 00		48 20	£20,454 00	£424 36
Statutory reports	3 50	3 70	14 00		21 20	£6,878 00	£324 43
Employees							
Agreeing employee claims			1 80		1 80	£450 00	£250 00
Correspondence	0 20	8 80	22 40	1 50	32 90	£9,436 00	£286 81
D/I redundancy payments service			0 30		0 30	£75 00	£250 00
Pension funds	0 60				0 60	£299 00	£498 33
Pensions reviews		4 60	62 70		67 30	£13,950 00	£207 28
Investigation							
Directors							
Correspondence with directors	2 00	2 10	6 70		10 80	£3,411 50	£315 88
D form drafting and submission	7 70	39 50	100 20		147 40	£42,754 50	£290 06
Directors' questionnaire / checklist	2.20		3 70		5 90	£2,025 00	£343 22
Statement of affairs			4 40		4 40	£814 00	£185 00
Investigations							
Correspondence re investigations		11 00	14 40		25 40	£7,459 00	£293 66
Mail redirection			4 40		4 40	£1,067 50	£242 61
Realisation of assets							
Asset Realisation							
Cash and investments	1 00	4 90	3 00		8 90	£3,401 00	£382 13



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Debtors		1 50	7 30	8 80	£2,415 50	£274 49
Freehold property	26 80	38 80	42 50	108 10	£39,032 50	£361 08
Health & safety		3 60	2 00	5 60	£1,862 50	£332 59
Leasehold property	4 30	8 40	21 40	34 10	£11,137 00	£326 60
Open cover insurance		0 90	0 60	1 50	£516 00	£344 00
Other assets	5 50	33 90	8 70	48 10	£17,445 50	£362 69
Plant and machinery		1 00	0 50	1 50	£575 00	£383 33
Salv. of business	5 00		4 25	9 25	£3,806 25	£411 49
Vehicles	0 50	3 00	5 80	9 30	£2 787 50	£299 73
Total in period				1,465 35	£449,304 25	£306 62

	Fees drawn	Hours/Costs to date	
b/f	0 00	0	£0 00
in the period	<u>300 000 00</u>	<u>1 465 35</u>	<u>£449,304 25</u>
c/f	<u>300 000 00</u>	<u>1,465 35</u>	<u>£449,304 25</u>
		<u>£306 62</u>	<u>£306 62</u>

6.2 Joint Liquidators' charge out rates

Grade	Hourly rate from 1 October 2012 £/hr
Partner	565
Associate Partner	485
Director	485
Senior Manager	450
Manager	365
Senior Administrator	250
Administrator	185
Support	115



6.3 Office Holders’ Disbursements

Expense type	Expense amount (£)
Hotels	164 00
Transport	440 60
Mileage	97 50
Land registry searches	23 00
Printing	225.50
Insolvency practitioner bond	249 99
Meals	381 05
	<hr/> <hr/> 1,581.64 <hr/> <hr/>

The above disbursements were incurred in the period of this report. A total of £1,581.64 has been drawn to date.

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows.

Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Any disbursements paid from the estate are disclosed within the attached summary of disbursements.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:

Mileage claims fall into three categories:

Use of privately-owned vehicle or car cash alternative – 45p per mile

Use of company car – 60p per mile

Use of partner’s car – 60p per mile



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For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate



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7 Appendix 4

7.1 Schedule of expenses for the period 15 May 2013 to 14 May 2014

Section	Account	Accrued	Paid	Total
Cost of	Fee for preparing statement of affairs	-	1,500 00	1,500 00
Realisations	Liquidators' fees	149,304 25	300,000 00	449,304.25
	Liquidators' expenses	-	1,581 64	1,581 64
	Fee for convening section 98	-	25,000 00	25,000 00
	Section 98 expenses	-	1,328 99	1,328 99
	Cash to OCCW (Netherton) Limited	-	93,000.00	93,000 00
	Cash to OCCW (Duncanziemere) Limited	-	57,000 00	57,000.00
	Direct labour	-	1,124 59	1,124 59
	Legal fees	904.88	172,130 00	173,034 88
	Legal disbursements	-	18,898.89	18,898 89
	Pre-appointment legal fees	-	77,915 84	77,915.84
	Pre-appointment disbursements	-	42,602.52	42,602 52
	Repayment of third party funds	-	1,825,348 13	1,825,348 13
	Agents fees	-	41,500 00	41,500 00
	Storage costs	500	21 75	521.75
	Re-direction of mail	-	780 00	780 00
	Statutory advertising	-	1,741 35	1,741 35
	Insurance of assets	-	339 20	339 20
	Bank charges	-	268 30	268 30
		150,709.13	2,662,081.20	2,812,790.33
TOTAL				

Creditors are reminded that the basis on which fees have been reported was been agreed by the majority of creditors, as detailed in Section 2.6

However to determine if the quantum of the fees to be taken is reasonable the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with rule 4 49E Insolvency Rules 1986 This request must be made within 21 days receipt of the report. The full text of that rule can be provided on request.

In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with rule 4 131 Insolvency Rules 1986 The full text of this rule can also be provided on request.

7.2 Extract from the Insolvency Rules 1986

Insolvency Rules 1986

4.49E Creditors’ and members’ request for further information

- (1) If-
- (a) within the period mentioned in paragraph (2)-
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (iii) 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, or
 - (b) with the permission of the court upon an application made within that period mentioned in paragraph (2)-
 - (i) any unsecured creditor, or
 - (ii) any member of the company in a members’ voluntary winding up, makes a request in writing to the liquidator for further information about remuneration or expenses set out in the progress report in accordance with Rule 4 49B(1)(e) or (f) (including by virtue of Rule 4 49C(5)) or in a draft report under Rule 4 49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter in a draft report under Rule 4 49D or a progress report required by Rule 4 108 which (in either case) was previously included in a progress report not required by Rule 4 108
- (2) The period referred to in paragraph 1(a) and (b) is –
- (a) 7 business days of receipt (by the last of them in the case of an application by more than one member) of the progress report where it is required by Rule 4 108, and
 - (b) 21 days of receipt (by the last of them in the case of an application by more than one member) of the report or draft in any other case.
- (3) The liquidator complies with this paragraph by either –
- (a) providing all of the information asked for, or

(b) so far as the liquidator considers that –

- (i) the time or cost of preparation of the information would be excessive, or
- (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
- (iii) the liquidator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information

(4) Any creditor, and any member of the company in a members’ voluntary winding up, who need not be the same as the creditors or members who asked for the information, may apply to the court within 21 days of –

- (a) the giving by the liquidator of reasons for not providing all the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks or, as the case may be, 4 weeks provided for in Rule 4.131(1B) or 4.148C(2) by such further period as the court thinks just

(6) This Rule does not apply where the liquidator is the official receiver

4.131 Creditors’ claim that remuneration is [or other expenses are] excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that-

- (a) the remuneration charged by the liquidator,
- (b) the basis fixed for the liquidator’s remuneration under Rule 4.127, or
- (c) expenses incurred by the liquidator,

is or are, in all the circumstances, excessive or, in the case of application under subparagraph (b), inappropriate.

(1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or, in a case failing within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question (“the relevant report”)

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had opportunity to attend the court for a hearing, of which he has been given at least 5 business days’ notice but which is without notice to any other party

If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

(3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders –

(a) an order reducing the amount of remuneration which the liquidator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,

(e) an order that the liquidator or the liquidator’s personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under subparagraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant and are not payable as an expense of the liquidation