

Administrator's progress report 2.24B(CH)

Name of Company Cosalt Public Limited Company	Company Number 00019628
In the High Court of Justice Chancery Division Leeds District Registry (full name of court)	Court case number 225 of 2013

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

We (a) David James Kelly and Andrew Ross of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP

administrators of the above company attach a progress report for the period

from

to

(b) 15 August 2013

(b) 27 January 2014

(b) Insert date

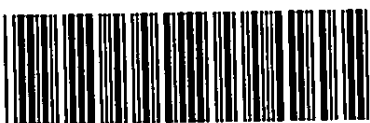
Signed 
Joint AdministratorDated 28/01/2014**Contact Details:**

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

Clare Davison	
Benson House, 33 Wellington Street, Leeds, LS1 4JP	
	Tel 0113 289 4062
DX Number	DX Exchange

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

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COMPANIES HOUSE



Cosalt Plc - in administration

High Court of Justice
Chancery Division
Leeds District Registry
Case No. 225 of 2013

Joint Administrators' progress report for the period from 15 August 2013 to 27 January 2014

27 January 2014

www.pwc.co.uk/cosalt

PricewaterhouseCoopers LLP
Benson House, 33 Wellington Street
Leeds, LS1 4JP
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When telephoning please ask for Clare Davison

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The following abbreviations are used in this report:

"the Company"	Cosalt Plc
"the Group"	The Company and its subsidiaries
"the Administrators" or "we"	David Kelly and Andrew Ross
"the Lenders"	Royal Bank of Scotland Plc and HSBC Bank Plc
"RBS"	Royal Bank of Scotland Plc
"HSBC"	HSBC Bank Plc
"IA86"	The Insolvency Act 1986
"IR86"	The Insolvency Rules 1986
"Dunwilco"	Dunwilco (1793) Limited
"Workwear" or "Ballyclare"	Ballyclare Limited
"Offshore"	GTC Holdings Limited (and its subsidiaries) and Cosalt Offshore Norway A/S

1 The Joint Administrators' progress report

Introduction

We write to provide an update on the progress of the Administration, covering the period from 15 August 2013 to 27 January 2014. Our previous reports covered the period from appointment on 15 February 2013 to 14 August 2013, copies of which are still available at www.pwc.co.uk/cosalt

Further background information on the Company and events leading up to our appointment can be found in our Proposals dated 27 March 2013, which are also available on the above website

The Administration is due to come to an end on 14 February 2014, and the outstanding matters in the Administration will not be concluded by that time. Therefore this report has been prepared to support a request for a six month extension to the period of the Administration to 14 August 2014. A copy of this report will be subsequently circulated to all creditors, together with a notice of the extension

Progress in the period

Leasehold properties

The lease held by the Company in relation to a property in Barnsley (which is occupied by Ballyclare Limited) has now come to an end and Ballyclare and the landlord have signed a new lease directly between themselves

Unclaimed dividend funds

There are funds held by the Company's registrar in relation to unclaimed shareholder dividends. When these funds become unclaimed for 12 years or more they legally pass back to the Company. As the Company is in Administration, these funds will form part of the floating charge realisations and are currently estimated to be £26,000

Prior to being able to transfer these funds into the Administration, a tracing process needs to be carried out. We have instructed the Company's registrar as agents in order to be able to carry out the tracing process and to deal with transferring the funds.

In addition to the unclaimed dividend funds there are also dissentient funds. These are held by the Company's registrar and relate to shares generated as a result of a previous takeover. The shareholders of these funds also need to be traced by a formal process and then any unclaimed dissentient funds are paid into Court via a formal process. The Company is legally not entitled to these funds and the registrar will deal with this process for us

If you are affected by either of these situations you will be contacted by the registrar directly. You do not need to take any action in relation to this

VAT

The Company has now deregistered for VAT purposes. Prior to submitting a final VAT return our VAT specialists conducted an annual adjustment review. This review resulted in the VAT that had previously been classified as residual and irrecoverable now being treated as fully recoverable. This means that funds in the region of £51k are due from H M Revenue & Customs.

Administrators' remuneration

Prior to our appointment, it was understood that all assets realised in the Administration would be subject to fixed charge security. To ensure all costs of the Administration (including our remuneration) could be met from realisations, we agreed with the Lenders and Pension Fund Trustees that £800,000 (from fixed charge realisations) would be retained in the Administration to extinguish all these costs.

As there have been floating charge realisations (as well as fixed) we will be seeking approval from the secured and preferential creditors of the Company shortly with regards to the basis of our remuneration in relation to floating charge assets. To date, we have drawn fees of £250,000 from the fixed charged

1 The Joint Administrators' progress report

realisations in accordance with the original agreement from the Lenders. Further fees will be drawn from floating charge realisations (once approval is obtained) and fixed charge realisations.

The time cost charges incurred in the period covered by this report are £43,627.75 and £208.46 in disbursements. This amount does not necessarily reflect the amount that will be drawn as remuneration in due course. In accordance with the requirements of Statement of Insolvency Practice 9, a full analysis of our time costs and Category 2 disbursements for the period 15 August 2013 to 10 January 2014 is provided in Section 5.

Creditors' rights

An explanation of your rights as a creditor with regards to our remuneration, can be found online at the following address:

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf>

Alternatively, a copy can be obtained free of charge by telephoning Clare Davison on 0113 289 4062.

Pre-Administration costs

We incurred costs of £14,881 prior to our appointment but with a view to the Company entering administration. As we anticipate that we will not be able to make a distribution to unsecured creditors of the Company other than via the Prescribed Part, it will be for the secured and preferential creditors to approve these costs as an expense of the Administration.

Information regarding the approval of the unpaid pre-Administration costs previously detailed in our proposals can be found at Section 6 of this report.

Statutory duties

During the period of this report, we have also been dealing with the statutory requirements of an administration appointment. Section 5 provides more detail on these matters, which include the submission of quarterly VAT returns to HM Revenue & Customs and the preparation of this and previous reports.

Outcome for creditors

Secured creditors

The directors' statement of affairs shows amounts due to the Lenders as at the date of Administration to be £11,382,894. In addition, the Pension Fund Trustees entered an inter-creditor agreement with the secured creditors to obtain security over the pension deficit, which is estimated at £51,820,225. The Company's indebtedness to the secured creditors is secured by way of debentures and cross guarantees. There is an agreed payment 'waterfall' between the secured creditors and the pension scheme to determine the distribution of sale proceeds/realisations. The overall recovery by the secured creditors is estimated at only 17%.

To date the following distributions have been made:

Lenders	£8,235,526
Pension Fund Trustees	£2,750,762

The Lenders and the Pension Fund Trustees will suffer a shortfall.

Preferential creditors (mainly employees)

Due to the increased floating charge realisations, there are now sufficient funds to enable a distribution to preferential creditors. We estimate total preferential claims to be £3,345.67, which will be paid in full in due course.

1 The Joint Administrators' progress report

Unsecured creditors

The Prescribed Part is a fund that has to be made available for unsecured creditors. It's paid out of "net property". Net property is floating charge realisations after costs, and after paying or setting aside enough to pay preferential creditors in full. It only has to be made available where the floating charge was created on or after 15 September 2003

The amount of the prescribed part is

- 50% of net property up to £10,000; plus
- 20% of net property above £10,000; and
- Subject to a maximum of £600,000

The Prescribed Part applies in this case as there is a floating charge created after 15 September 2003

Due to the increase in floating charge realisations, we now think that there will be a small dividend for the unsecured creditors under the Prescribed Part

The dividend level is currently estimated at 0.5p in the £ (half a penny)

Please note this is an estimate only and may be subject to change dependent on the level of claims received and also the costs of agreeing the claims

If you have not submitted a claim, please complete the attached statement of claim form and return this to the following address with any supporting documentation such as invoices and statement of account; PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP.

Shareholders

Shareholders will not receive any return of the capital they have invested in the Company. In our role as administrators of the Company, we are not able to provide any personal advice to shareholders and suggest that, if you have any concerns, you seek your own independent advice. Unfortunately, we cannot enter into general correspondence with creditors or shareholders regarding the Company's affairs.

Extension of the Administration

We consider it necessary for the period of the Administration to be extended. There are unrealised assets from unclaimed dividends and it is now apparent that there will be sufficient floating charge realisations to enable a distribution to unsecured creditors via the Prescribed Part. We intend to seek permission from Court to distribute funds from the Administration and carry out claims agreement in relation to unsecured creditors.

In line with our proposals, the consent of the secured and preferential creditors is required to extend the period of the Administration for six months to 15 August 2014. This report has been prepared to support this request.

Exit route from the Administration

Once the objective of the Administration has been achieved, we'll file a notice with the Registrar of Companies and the Company will be dissolved three months later.

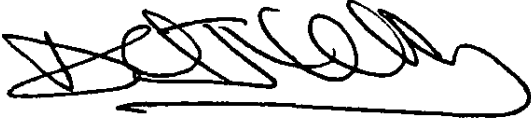
Discharge from liability

It will be for the secured and preferential creditors to approve a resolution that we shall be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 IA86 in respect of any action of ours as administrators 14 days after our appointment ceases to have effect.

1 The Joint Administrators' progress report

Next report

We anticipate that we will circulate our next report to creditors at the earlier of the conclusion of the Administration or in approximately six months.



**David Kelly
Joint Administrator
Cosalt Plc – in Administration**

David James Kelly and Andrew Ross have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

2 Statutory information

Court details for the administration:	High Court of Justice, Chancery Division, Leeds District Registry 225 of 2013
Full name:	Cosalt Plc
Trading name:	Cosalt Plc
Registered number:	00019628
Registered address:	Benson House, 33 Wellington Street, Leeds, LS1 4JP
Company directors:	Trevor Sands and David Ross
Company secretary:	Denise Robinson
Shareholdings held by the directors and secretary:	David Ross 175,987,779 Ordinary 1p shares (direct and via nominee).
Date of the administration appointment:	15 February 2013
Administrators' names and addresses:	David James Kelly of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester M2 3PW and Andrew Ross of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP
Appointor's / applicant's name and address:	HSBC Corporate Trustee Company (UK) Limited of 8 Canada Square, London, E14 5HQ
Objective being pursued by the administrators:	Objective (b), achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
Division of the administrators' responsibilities:	In relation to paragraph 100(2) Sch B1 IA86, during the period for which the administration is in force, any act required or authorised under any enactment to be done by the joint administrators may be done by all or any one or more persons for the time being holding that office
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are main proceedings

3 Administrators' receipts and payments accounts

Cosalt Plc (In Administration) Administrators' abstract of receipts and payments			
Director's Statement of Affairs £	15 February 2013 to 14 August 2013 £	15 August 2013 to 27 January 2014 £	Total from 15 February 2013 to 27 January 2014 £
FIXED CHARGE REALISATIONS			
430,000 00 *	Freehold properties	430,000 00	430,000 00
	Interest	2,140 78	2,433 47
	Rental income	43,232 00	43,232 00
11,465 941 00 *	Sale of Offshore shares	6,120,941 00	6,120,941 00
	Sale of Workwear shares	5,345,000 00	5,345,000 00
		11,941,313 78	11,941,606 47
COSTS OF REALISATIONS / PAYMENTS			
	Agents Fees	(7 196 20)	(7,196 20)
	Bank charges	(60 00)	(80 00)
	Duress Payment	(150,000 00)	(150,000 00)
	Insurance	(2,169 28)	(2,169 28)
	Legal Fees and expenses	(242,465 55)	(248,863 28)
	Office Holder's fees	(6,397 73)	(250,000 00)
	Rental payments	(22,054 99)	(22,054 99)
	VAT	(31 608 84)	-
		(455,554 86)	(680,363 75)
(63,203,119 00)	DISTRIBUTIONS TO FIXED CHARGE CREDITORS	(10,986,287 88)	(10,986,287 88)
	BALANCE OF FIXED CHARGE FUNDS	499,471 04	(224,516 20)
			274,954 84
FLOATING CHARGE REALISATIONS			
37,471 00 **	Book debts	201 00	3,501 00
	Cash in hand	69 05	69 05
25,500 00	Fixtures & Fittings - memorabilia	25,000 00	25 000 00
	Fixtures & Fittings - office furniture		770 00
	Interest	71 03	158 97
	Pre-appointment VAT refund	48,288 68	47,049 44
	Refunds	41,688 68	41,688 68
		115,318 44	118,237 14
COST OF REALISATION / PAYMENTS			
	Agents Fees	(6,643 00)	(6,643 00)
	Bank Charges	(40 00)	(40 00)
	Consultancy fees	(379 69)	(379 69)
	Employee related costs	(205 00)	(205 00)
	Insurance	(358 81)	(358 81)
	Legal Fees	(11,000 00)	(11,000 00)
	Net wages	(2,529 49)	(2,529 49)
	PAYE & NIC	(2,349 60)	(2,349 60)
	Pensions deductions	(595 83)	(595 83)
	Statement of affairs	(5,000 00)	(5,000 00)
	Statutory advertising	(150 74)	(150 74)
	Storage costs	(2,013 99)	(3,153 84)
	VAT	(1,786 27)	-
		(33,052 42)	(646 42)
			(32,406 00)
(6,153 00)	DISTRIBUTIONS TO PREFERENTIAL CREDITORS	-	-
	Distribution to preferential creditors	-	-
(51,307 178 00)	DISTRIBUTIONS TO FLOATING CHARGE CREDITORS	-	-
	Distribution to secured creditors	-	-
	BALANCE OF FLOATING CHARGE FUNDS	82,266 02	3,565 12
			85,831 14
(9,004,860 00)	UNSECURED CREDITORS	-	-
	Trade creditors	-	-
	VAT Account	(5,858 56)	(45,663 16)
	Balance held on high interest account	575,878 50	(266,614 24)
			309,264 26

* the realisation values of the shares in each of the subsidiaries has been listed separately here although the total amount was combined in the directors' statement of affairs

** the book debt figure from the statement of affairs includes the amount for intra-group receivables

4 Expenses incurred in the period

A statement of expenses incurred by us as administrators between 15 August 2013 and 27 January 2014 is shown below

The statement provides an estimate of the expenses incurred and unpaid for the period. These are yet to be finalised and may be subject to adjustments before payment. It also excludes any potential tax liabilities that could be classed as an expense of the administration, as these will depend on the Company's position at the end of the tax accounting period

	Unpaid expenses as at 15 August 2013	Incurred in this period	Expenses paid in this period	Unpaid expenses at 27 January 2014
	£	£	£	£
Bank charges	-	(20 00)	20 00	-
Legal fees and expenses	-	(10,027 74)	6,397 73	(3,630 01)
Office holders fees (see note 1)	(320,828 45)	(43,627.75)	250,000 00	(114,456 20)
Office holders disbursements	(2,009 44)	(208 46)	-	(2,217 90)
Pre-appointment fees	(14,881 00)	-	-	(14,881 00)
Storage costs	-	(1,139 85)	1,139 85	-
	(337,718.89)	(55,023.80)	257,557.58	(135,185.11)

Note 1 The accrual represents the total time costs incurred to date as detailed in Section 5

5 Analysis of Administrators' remuneration and Category 2 disbursements

Analysis of time costs for the period 15 August 2013 to 10 January 2014

Aspect of assignment	Partner	Senior				Total hours	Time cost £	Average hourly rate £
		Director	Manager	Associate	Manager			
Strategy & Planning	-	-	0 05	7 35	1 60	2 90	1 80	326 99
Secured creditors	-	0 50	-	-	3 00	-	-	272 14
Trading	-	-	-	-	0 60	3 60	-	155 57
Assets	-	-	-	1 72	5 80	2 60	-	251 03
Investigations	-	-	0 75	0 25	2 90	-	-	276 86
Creditors	0 30	-	-	0 25	7 30	6 40	-	201 44
Accounting and treasury	-	-	0 50	0 37	2 60	5 00	-	200 54
Statutory and compliance	1 30	4 75	2 25	5 95	6 80	19 35	2 50	243 95
Tax & VAT	-	0 30	4 20	6 30	34 30	10 85	-	291 60
Employees & pensions	-	-	0 50	2 00	4 30	-	-	346 53
Pre-appointment work	-	-	-	-	-	-	-	-
Closure procedures	-	-	-	-	0 90	-	-	240 00
Total for the period from 15 Aug 13 to 10 Jan 14	1 60	5 55	8 25	24 19	70 10	50 70	4 30	264 91
Brought forward at 14 Aug 13								339 53
Total								328 46

5 Analysis of Administrators' remuneration and Category 2 disbursements

Explanation of work undertaken

Earlier in this report and in our previous correspondence with creditors, we provided details on our strategy, progress to date and additional matters arising in the Administration. Earlier in this Section, we have included a table showing our time costs for the period, by grade of staff and area of work. This shows time costs of £43,628, the key elements of which are explained further below.

Area of work	Work undertaken in the period includes:
Strategy & Planning	<ul style="list-style-type: none"> Case progression and planning meetings
Accounting and treasury	<ul style="list-style-type: none"> Periodic bank reconciliations Payment of costs Account postings for income received
Statutory and compliance	<ul style="list-style-type: none"> Appointee and Manager Reviews Progress report preparation Books and records – archiving from site into storage Insurance – arranging open cover Other statutory and compliance matters such as bonding
Assets	<ul style="list-style-type: none"> Property management – licence to occupy and lease assignment
Creditor enquires	<ul style="list-style-type: none"> Creditor correspondence Shareholder correspondence
Tax/VAT/Pensions/Employees	<ul style="list-style-type: none"> Preparing, drafting and submitting quarterly VAT returns Final VAT return and annual adjustment Investigation into potential sale of tax losses Preparing and drafting the corporation tax return Archiving pension books and records Dealing with pension claims

Hourly charge-out rates

The charge-out rates applicable to this case during the period are set out below. Time is charged to the Administration in units of not greater than six minutes.

Grade	Administrators' staff £/hour	Specialist departments £/hour
Partner	555	1075
Director	465	1085
Senior Manager	405	915
Manager	320	600
Senior Associate - qualified	240	410
Senior Associate – unqualified	177	-
Associate	152	210
Support staff	82	120

Specialist departments within our firm (such as Tax, VAT, Property and Pensions) may charge a small number of hours if and when we require their expert advice. Such specialists' rates do vary but the figures above provide an indication of the maximum rate per hour.

5 Analysis of Administrators' remuneration and Category 2 disbursements

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other members of staff.

Disbursements

The table below shows the approved policy for charging the different categories of expenses, together with the costs incurred in the period.

Category	Policy	£
1	All disbursements not falling under Category 2 are recharged at cost	181.57
2	Photocopying - At 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying	26.89
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	0.00
	Total for the period	208.46
	Brought forward from previous period	2,009.44
	Total (to 27 January 2014)	2,217.90

Legal and other professional firms

The following table lists the professional firms instructed in this case in relation to the period that the report covers.

Service provided	Name of firm / organisation	Reason selected	Basis of fees	Fees paid between 15 August 2013 to 27 January 2014 (£)
Legal advice regarding the shareholder funds and property lease assignments	Addleshaw Goddard LLP	Expertise	Time costs	6,397.73

6 Pre administration costs

We incurred the costs detailed below prior to our appointment, but with a view to the Company entering administration. It is proposed that the unpaid costs will be paid as an expense of the administration. Such payment will be approved by the secured and preferential creditors in due course.

	Unpaid amount (£)	Paid amount (£)
Fees charged by us	14,881.00	-
Expenses incurred by us	-	-
Total	14,881.00	-

The tasks undertaken included

- Negotiated price and terms with prospective purchasers and progressed the sales process;
- Liaised with the Lenders and advisors in advance of the first share sale and appointment;
- Assisted the Company with contingency and insolvency planning;
- Statutory planning work in relation to our appointment as joint administrators, including internal compliance, and
- All necessary steps to be able to give the statutory confirmation that the objective of the administration was reasonably likely to be achieved.

Administrator's progress report**2.24B**

Name of Company Cosalt Public Limited Company	Company Number 00019628
In the High Court of Justice Chancery Division Leeds District Registry (full name of court)	Court case number 225 of 2013

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

We (a) David James Kelly and Andrew Ross of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP

administrators of the above company attach a progress report for the period

from

to

(b) 15 August 2013

(b) 27 January 2014

(b) Insert date

Signed

Joint Administrator

Dated

27/1/2014