

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

273919

Name of Company

ABF Limited

I / We

David James Costley-Wood, 1 St Peter's Square, Manchester, M2 3AE

Brian Green, 1 St Peter's Square, Manchester, M2 3AE

Mark Granville Firmin, 1 St Peter's Square, Manchester, M2 3AE

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 18/01/2014 to 17/01/2015

Signed

Date 2/3/2015

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Ref ABC0853445/SPC/APC/LS

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

Statement of Affairs	From 18/01/2014 To 17/01/2015	From 18/01/2012 To 17/01/2015
ASSET REALISATIONS		
	NIL	150,000 00
	NIL	43 79
	NIL	502,835 27
	NIL	90,000 00
12,611,703 94	NIL	12,611,703 94
	NIL	13,354,583 00
OTHER REALISATIONS		
	141 22	49,537 82
	234 28	84,538 00
	NIL	525,114 71
	375 50	659,190 53
COST OF REALISATIONS		
	NIL	237,995 00
	NIL	174,466 00
	NIL	30 52
	NIL	235,794 31
	NIL	4,400 00
	NIL	326 27
	NIL	108,654 76
	NIL	703 30
	NIL	1,750 00
	611 63	3,156 66
	84 60	148 10
	NIL	90,000 00
	NIL	1,762 42
	47 50	283 04
	(743 73)	(859,470 38)
UNSECURED CREDITORS		
(10,728,000 00)	1,579,423 28	2,114,850 21
(3,177,000 00)	331,581 25	467,922 23
(956,000 00)	81,783 54	115,411 64
(1,212,000 00)	203,896 34	287,735 29
(100,000,000 00)	4,224,958 80	9,024,958 80
(5,127,000 00)	NIL	NIL
	(6,421,643 21)	(12,010,878 17)
DISTRIBUTIONS		
(62,427 00)	NIL	NIL
	NIL	NIL
(108,650,723 06)	(6,422,011.44)	1,143,424 98
REPRESENTED BY		
		109,494 91
		1,143,408 06
		(48,000 00)
		(61,477 99)

1,143,424 98

Note
An interim distribution of £5,589,235 has been paid to unsecured creditors representing 5 pence in the pound



ABF Limited (in liquidation)

**Progress report
for the period from 18 January
2014 to 17 January 2015**

KPMG LLP

2 March 2015

This report contains 16 pages

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Appendix 2: Office holders' receipts and payments account for the period

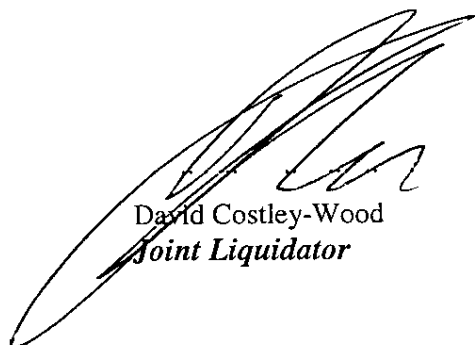
Appendix 3: Analysis of office holders' time costs

Appendix 4: Schedule of expenses for the period

Appendix 5: Extract from the Insolvency Rules 1986

1 **Executive summary**

- This progress report covers the third period of the liquidation of ABF Limited (“the Company”) from 18 January 2014 to 17 January 2015 (“the period”)
- There have been no significant realisations in the period
- A second dividend of 12 16p in the £ to unsecured creditors was declared on 24 April 2014. A total of £6,421,304 was paid on claims totalling £69,990,247
- Since the last progress report was provided to creditors, the Joint Liquidators have been notified that the European Commission has begun an investigation into a price fixing cartel formed by four producers of polyurethane foam. One of these parties has been identified as a principal supplier to the Company. The outcome of the investigation could result in further realisations as a result of a legal claim that could potentially be available to the Company, although at this stage the outcome and potential recoveries (if any) remains extremely uncertain



David Costley-Wood
Joint Liquidator



1.1 Office holders

Joint Liquidator – David Costley-Wood

Joint Liquidator – Brian Green

Joint Liquidator – Mark Granville Firmin

1.2 About this report

This progress report has been prepared by David Costley-Wood, Brian Green and Mark Granville Firmin, the Joint Liquidators of this company, solely to comply with their statutory duty under the Insolvency Act and Rules 1986 (“IA86”) to provide members and creditors with an update on the progress of the liquidation of the estate, and for no other purpose

This report is not suitable to be relied upon by any other person, or for any other purpose, or in any other context including any investment decision in relation to the debt of or any financial interest in this company. Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act and Rules 1986 (as amended) does so at their own risk. 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 individual creditors

David Costley-Wood, Brian Green and Mark Granville Firmin are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of England and Wales. The appointments of the Joint Liquidators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the liquidation

2 Previous appointments

The Joint Liquidators were previously appointed as Joint Administrators of the Company on 7 May 2011 and, following the filing of Form 2 34B (notice of move from administration to creditors' voluntary liquidation) at Companies House, were subsequently appointed as Joint Liquidators on 18 January 2012

3 Progress of the liquidation

The Company was previously in administration and was placed into liquidation to allow for the distribution of funds to unsecured creditors

First and second dividends have been paid to unsecured creditors and these are detailed in section 5 2

It is anticipated that a third dividend will be paid to creditors. However, the outcome of an ongoing investigation, which is detailed below, will have an impact on the level of any further dividend paid. The liquidation will therefore need to remain open whilst this investigation is concluded

Other outstanding matters include the settlement of costs and the convening of final meetings of members and creditors to bring the case to a formal conclusion

3.1 Cartel claim

In January 2014, a European Commission investigation found that four main producers of polyurethane foam participated in a cartel. This investigation found that the companies colluded to coordinate the sales price of various types of foam in 10 EU member states for nearly five years, from October 2005 until July 2010. The purpose of the cartel was to pass on raw material price increases to customers and avoid aggressive price competition between the four producers.

One of the producers subject to this investigation has been identified as principal supplier of foam products to the Company and therefore there is a possibility that funds relating to overpayments, compensation and interest may be returned. A successful outcome would result in these funds becoming an asset of the liquidation and would impact on the funds available for any future dividend payment.

The Joint Liquidators' work in relation to gathering information to support this claim is still in the early stages and at this stage the outcome is uncertain

3 2 Receipts and payments for the period

The receipts and payments for the Period are set out in Appendix 2. The figures on this account are shown net of VAT

3.2.1 Receipts

There have been no significant receipts in the period

3.2.2 Payments

3.2.2.1 Storage costs

The sum of £612 has been paid to Iron Mountain for storing the Company's pre appointment books and records

3.2.2.2 Statutory Advertising

A sum of £85 has been paid to Courts Advertising for the advertisement of a Notice of Intended Dividend which was placed in the London Gazette prior to the second dividend being paid

3.3 Joint Liquidators' remuneration

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

At a meeting of creditors held on 7 July 2011, during the previous administration, a resolution was passed that the remuneration of the Joint Administrators (and subsequently the Joint Liquidators) be fixed by reference to time properly given in attending to matters arising in the administration, subject to "the Administrators of this Company not receiving remuneration in excess of £1,000,000 without the consent of creditors in a general meetings "

Following the approval of this resolution, a further resolution was passed by creditors to permit additional remuneration of £25,000 in SNGL Realisations (2011) Ltd, a group company, and therefore the fee limit in the liquidation of ABF Ltd was reduced accordingly to £975,000

To date, time costs in the liquidation have amounted to 996 hours at a total cost of £294,665 at an average hourly rate of £296, with 172 hours at a total cost of £63,219 incurred in the Period

Total remuneration of £412,461 has been drawn to date, £237,995 of which relates to outstanding Administration fees which were drawn in the Liquidation. A further £71,247 has been drawn after the end of the reporting period which does not yet show on the receipts and payments account at Appendix 2. These fees drawn together with fees of £491,292 drawn in the previous administration bring total fees to £975,000

Although the Joint Liquidators' time costs have exceeded the fee cap, fees have been drawn to the limit of the current cap agreed with creditors

4 Other information

Creditors are advised that under Rule 4 131 IR86 any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (or with the permission of the court) who thinks that the remuneration and or expenses that have been incurred by the liquidator are excessive or inappropriate in all circumstances, may apply to the court for one or more of the following orders

- (a) an order reducing the amount of remuneration which the liquidator is 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

The full text of this rule can be provided upon request

A creditors' guide to fees can be found at

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_Nov2011.pdf

However, if you are unable to access this guide and would like a copy, please contact Sandila Samee on 0161 246 4099

5 Estimated outcome for creditors

5.1 Prescribed part

The Insolvency Act 1986 (Prescribed Part) Order 2003 applies in this case as the security held by Grace Bay was created after 15 September 2003. However, as the secured creditor has been paid in full and there are no preferential creditors all funds, net of costs, are available to unsecured creditors.

5.2 Unsecured creditors

To date, claims totalling £69,992,224 have been received and agreed from 351 unsecured creditors, including the PPF's final claim of £52,593,000. A further 268 creditors with Statement of Affairs balances totalling £5,889,192 have yet to submit a claim.

A first interim dividend of 5p in the £ to unsecured creditors was declared on 28 March 2012. A total of £5,235,388 was distributed on claims totalling £104,707,767.

A second dividend of 12 16p in the £ was declared to unsecured creditors on 7 May 2014. The total amount distributed to unsecured creditors was £6,421,304 on claims totalling £69,990,247.

A catch up dividend of £339 was paid to a late claimant on a claim of £1,997.

The total level of unsecured claims has reduced following the PPF confirming its final claim in respect of the indebtedness of the group pension scheme. The second dividend paid to the PPF was reduced accordingly to bring the dividend paid to the PPF in line with other unsecured creditors.

This brings the total dividend paid to date to all unsecured creditors to 17 16p in the £ and the total amount distributed to £12,010,878.

It is anticipated that a third dividend will be paid to creditors. However the outcome of ongoing investigations, as detailed above, will have an impact on the level of any further dividend paid and as such the liquidation will need to remain open whilst these investigations are concluded.

6 Comments on Appendices

6.1 Appendix 1: Statutory information

Information regarding the Company and details of the appointment of the Joint Liquidators can be found at Appendix 1.

6.2 Appendix 2: Receipts & payments account for the period

A receipts and payments for the Period can be found at Appendix 2.

6.3 Appendix 3: Analysis of office holders' time costs

As detailed in paragraph 3. During the period, the Joint Liquidators have carried out the following activities:

- A total of £12,329 in time costs has been spent incurred in preparing statutory progress reports to creditors.
- A total of £9,196 in time costs has been spent in corresponding with creditors and responding to general queries,
- A total of £7,390 in time costs has been spent in reviewing post appointment pension matters.

6.4 **Appendix 4: Expenses for the period**

Expenses for the period are summarised in Appendix 4 which include costs which have been incurred during the period but not yet paid

6.5 **Appendix 5: Extract from the Insolvency rules 1986**

Additional information about the expenses charged for the period is available from the office holders upon request by any secured creditors, and any unsecured 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 of IR86 and to challenge the Joint Liquidators' remuneration and expenses under Rule 4.131 are included in Appendix 5 should creditors wish to do so.

Appendix 1: Statutory information

Appointment

Company name & trading style	ABF Limited (traded as Rest Assured, Sealy Beds, Silentnight Beds, Silentnight Brands and Silentnight Ireland)
Liquidation	The Company was placed into creditors' voluntary liquidation following submission of Form 2 34B at Companies House on 18 January 2012
Date of appointment	18 January 2012
Office holders details	<p>David Costley-Wood was appointed on 18 January 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of England and Wales</p> <p>Brian Green was appointed on 18 January 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of England and Wales</p> <p>Mark Granville Firmin was appointed on 18 January 2012 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of England and Wales</p>
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations

Company Information

Company registration number	273919
Previous registered office	PO Box 100, Long Ing Lane, Barnoldswick, Lancashire BB18 6WT
Present registered office	c/o KPMG LLP, 1 St Peters Square, Manchester, M2 3AE

Appendix 2: Office holders' receipts and payments account for the period

ABF Limited - in Liquidation			
Joint Liquidators' abstract of receipts & payments			
Statement of affairs (£)		From 18/01/2014 To 17/01/2015 (£)	From 18/01/2012 To 17/01/2015 (£)
ASSET REALISATIONS			
	Freehold property	NIL	150,000 00
	Interest earned on funds	NIL	43 79
	Book debts	NIL	502,835 27
	Rent	NIL	90,000 00
12,611,703 94	Funds from Administrators	NIL	12,611,703 94
		NIL	13,354,583 00
OTHER REALISATIONS			
	Bank interest, gross	141 22	49,537 82
	Sundry refunds	234 28	84,538 00
	VAT from Administrators	NIL	525,114 71
		375 50	659,190 53
COST OF REALISATIONS			
	Administrators' fees	NIL	(237,995 00)
	Liquidator's fees	NIL	(174,466 00)
	Irrecoverable VAT	NIL	(30 52)
	VAT payable from Administrators	NIL	(235,794 31)
	Agents'/Valuers' fees	NIL	(4,400 00)
	Agents' disbursements	NIL	(326 27)
	Legal fees	NIL	(108,654 76)
	Legal disbursements	NIL	(703 30)
	Sub contractors	NIL	(1,750 00)
	Storage costs	(611 63)	(3,156 66)
	Statutory advertising	(84 60)	(148 10)
	Rent	NIL	(90,000 00)
	Insurance of assets	NIL	(1,762 42)
	Bank charges	(47 50)	(283 04)
		(743 73)	(859,470 38)



ABF Limited (in liquidation)
Progress report
KPMG LLP
2 March 2015

ABF Limited - in Liquidation			
Joint Liquidators' abstract of receipts & payments			
Statement of affairs (£)		From 18/01/2014 To 17/01/2015 (£)	From 18/01/2012 To 17/01/2015 (£)
UNSECURED CREDITORS			
(10,728,000 00)	Trade & expense	(1,579,423 28)	(2,114,850 21)
(3,177,000 00)	Connected companies	(331,581 25)	(467,922 23)
(956,000 00)	nonpref PAYE/NIC	(81,783 54)	(115,411 64)
(1,212,000 00)	Non-preferential VAT	(203,896 34)	(287,735 29)
(100,000,000 00)	Pension scheme	(4,224,958 80)	(9,024,958 80)
(5,127,000 00)	Accruals and deferred income	NIL	NIL
		(6,421,643 21)	(12,010,878 17)
DISTRIBUTIONS			
(62,427 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(108,650,723 06)		(6,422,011 44)	1,143,424 98
REPRESENTED BY			
	VAT receivable	139 25	109,494 91
	Floating Current account	(6,410,545 74)	1,143,408 06
	VAT payable	NIL	(48,000 00)
	Floating ch VAT control		(61,477 99)
		(6,422,011 44)	1,143,424 98

Appendix 3: Analysis of office holders' time costs

SIP 9 - Time costs analysis (18/01/2014 to 17/01/2015)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Cashiering							
General (Cashiering)				11 30	11 30	2,365 00	209 29
Reconciliations (& IPS accounting reviews)				1 90	1 90	487 00	256 32
General							
Books and records				7 20	7 20	1,990 50	276 46
Fees and WIP		0 50		2 00	2 50	652 50	261 00
Statutory and compliance							
Checklist & reviews	0 50	4 00		3 40	7 90	3,083 50	390 32
Statutory advertising				0 30	0 30	79 50	265 00
Statutory receipts and payments accounts				0 30	0 30	79 50	265 00
Strategy documents		1 50		8 00	9 50	2,372 50	249 74
Tax							
Post appointment VAT				3 10	3 10	821 50	265 00
Creditors							
Creditors and claims							
Agreement of unsecured claims		5 75		17 30	23 05	7,113 25	308 60
General correspondence	10 00	6 00		2 60	18 60	9,195 50	494 38
Legal claims	1 00	3 00			4 00	1,750 00	437 50
Payment of dividends		6 50		17 30	23 80	6,742 00	283 28
Statutory reports	16 50	2 30		7 90	26 70	12,328 50	461 74
Employees							
Pensions reviews	13 00				13 00	7,390 00	568 46
Investigation							
Investigations							
Correspondence re investigations		3 50		7 00	10 50	2,852 50	271 67
Review of pre-appt		1 00			1 00	475 00	475 00



SIP 9 - Time costs analysis (18/01/2014 to 17/01/2015)						
	Hours					Time Cost (£)
	Partner / Director	Manager	Administrator	Support	Total	
transactions						
Realisation of assets						
Asset Realisation						
Debtors	3 00				3 00	1,725 00
Leasehold property		0 75	0 30		1 05	368 25
Open cover insurance		3 50			3 50	1,347 50
Total in period	44 00	38 30	89 90	0 00	172 20	63,219 00

Brought forward time (appointment date to SIP 9 period start date)	823 85	231,445 75
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	172 20	63,219 00
Carry forward time (appointment date to SIP 9 period end date)	996 05	294,664 75

Summary of hourly rates

Charge-out rates (£) for CRS		
Grade	From 01 Oct 2013 £/hr	From 01 Oct 2014 £/hr
Partner	565	595
Director	485	535
Senior Manager	475	485
Manager	385	405
Senior Administrator	265	280
Administrator	195	205
Support	120	125

Note

Time is charged in minimum units of 6 minutes



Appendix 4: Schedule of expenses for the period

Cost of Realisations	Paid	Accrued	Total
Joint Liquidators' Fees	0 00	63,219 00	63,219 00
Storage costs	611 63	0 00	611 63
Bank charges	47 50	0 00	47 50
TOTAL	659.13	63,219.00	63,878.13

Note The table above shows expenses that have been paid or incurred in this period which have not been paid and/or accrued in previous reporting periods

Appendix 5: Extract from the Insolvency Rules 1986

Rule 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 a general meeting of the company, or

(b) with the permission of the court upon an application made within the 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 the remuneration or expenses set out in a 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 a 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 report 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 of 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

Rule 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,

(c) expenses incurred by the liquidator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (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 falling 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 an opportunity to attend the court for an 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 sub-paragraph (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