



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 0 3 3 3 1 8 8

Company name in full Clugston Group Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) James Richard

Surname Clark

3 Administrator's address

Building name/number 1 Sovereign Square

Street Sovereign Street

Post town Leeds

County/Region

Postcode L S 1 4 D A

Country

4 Administrator's name ①

Full forename(s) Howard

Surname Smith

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 Sovereign Square

Street Sovereign Street

Post town Leeds

County/Region

Postcode L S 1 4 D A

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

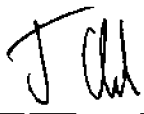
6 Period of progress report

From date	^d 0	^d 6	^m 0	^m 6	^y 2	^y 0	^y 2	^y 0	
To date	^d 0	^d 5	^m 1	^m 2	^y 2	^y 0	^y 2	^y 0	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X  X								
Signature date	^d 2	^d 3	^m 1	^m 2	^y 2	^y 0	^y 2	^y 0	

**Presenter information**

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

Contact name **Poppy Bayley**

Company name **KPMG LLP**

Address
1 Sovereign Square
Sovereign Street

Post town **Leeds**

County/Region

Postcode

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Country

DX

Telephone **Tel +44 (0) 113 231 3575**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Joint Administrators' progress report for the period 6 June 2020 to 5 December 2020

Clugston Group Limited - in
Administration

23 December 2020

Deemed delivered: 29
December 2020

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, www.kpmg.co.uk/clugstongroup. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 7).

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1 Executive summary

The Director's resolved to appoint James Clark and Howard Smith as Joint Administrators of Clugston Group Limited (the 'Company') on 3 December 2019. The notice of appointment was lodged at High Court of Justice and Property Court in Leeds, Insolvency and Companies List (ChD) on 6 December 2019 and we were duly appointed.

This progress report covers the period from 6 June 2020 to 5 December 2020 (the 'Period').

We delivered our statement of proposals ('the Proposals') to all creditors on 31 January 2020 and our first Progress Report was delivered on 2 July 2020.

As detailed in our previous reports, the Company was the parent company to a group that shared the 'Clugston' brand (the 'Group'). The Group encompassed four trading companies including Clugston Construction Limited ('CCL'), Clugston Service Limited ('CSL'), Clugston Distribution Services Limited ('CDSL') and Clugston Estates Limited ('CEL'). CCL, CSL, CEL and the Company (together, the 'Administration Group') are the only Group entities subject to insolvency proceedings.

Our strategy for the administration continues to focus on the realisation of assets, namely progressing the sale of development land, and the sale of shares in a PFI SPV, both of which are held within wholly owned subsidiaries that are not yet subject to an insolvency process (Section 2 – Progress to date).

As outlined in our previous reports, the only secured claim in the administration is held by NatWest. At appointment NatWest had the benefit of fixed and floating charges over the assets of the Company by way of a debenture. NatWest confirmed, in a prior period, that it has recovered its indebtedness in full (Section 3 - Dividend prospects).

Preferential claims comprise employee arrears of wages and holiday pay and are currently estimated at £29,061. Based on current estimates, we anticipate that preferential creditors will be paid in full. However, the timing of a distribution is currently unknown (Section 3 - Dividend prospects).

Per the Statement of Affairs, unsecured claims are anticipated to total £75.6 million and based on current estimates, it is anticipated that unsecured creditors will receive a dividend. However, the quantum and timing of a distribution is currently unknown (Section 3 - Dividend prospects).

During the Period, preferential and unsecured creditors granted a twelve-month extension to the period of the administration.

Please note: you should read this progress report in conjunction with our previous progress report and Proposals issued to the Company's creditors which can be found at www.kpmg.co.uk/clugstongroup. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



James Clark
Joint Administrator

2 Progress to date

This progress report covers the period from 6 June 2020 to 5 December 2020. However please refer to our previous progress report and Proposals where relevant information has been disclosed.

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

Strategy

During the Period, our strategy has focused on continuing to realise the Company's remaining assets. For detail on the Company's assets sold in the prior period, please refer to our previous progress report and Proposals.

An update on the progress made to realise the Company's remaining assets is as follows:

PFI SPV: As previously reported, a wholly owned subsidiary of the Company, Clugston PF Limited ('CPFL'), owns an interest in a PFI SPV. We have been working with the KPMG Corporate Finance Team, who had been engaged to assist with the sale prior to our appointment. A sale has now completed with the funds received by CPFL. During the Period the Company has paid fees of £41,266 to the KPMG Corporate Finance team for their work on the sale, a further £223,800 is due now that the sale has completed. CPFL will settle the legal fees associated with the sale along with any other costs and dividend the remaining funds up to the Company in due course. The Company will receive in excess of £4 million once all associated costs (including those of KPMG Corporate Finance) have been deducted.

In our previous progress report, we reported that Companies House was intending to strike off CPFL for the failure to submit its statutory accounts. In order to resolve this, we have been liaising with Companies House who have accepted our request for CPFL to remain on the register for a further period of time. This will allow sufficient time for the filing of CPFL's relevant accounts.

Freehold Land: As previously reported, one of the Company's wholly owned subsidiaries, Clugston Reclamation Limited ('CRL'), owns two plots of development land. We have been liaising with our agents Sanderson Weatherall ('SW') regarding the sale of both plots of land. As outlined in our previous progress report, we have an option agreement in place with a potential developer for one of these plots. It is likely that this option will be extended to June 2021 to allow sufficient time for it to be exercised. At this stage, we understand the developer is due to hold discussions with the planning committee at Calderdale in January 2021 to secure planning permission on this land. If successful, this could lead to a recovery in excess of that previously estimated by the Joint Administrators.

Sanderson Weatherall is currently marketing the second plot of land owned by CRL, the quantum and timing of this realisation is currently unknown. We will continue to liaise with our agents on this matter in order to progress the sale.

As with CPFL, we previously reported that CRL had also received notice of strike off from Companies House. Like with CPFL, Companies House have accepted our request for CRL

to remain on the register which will allow sufficient time for the filing of CRL's relevant accounts.

In addition to attending to all statutory matters, our strategy continues to focus on:

- finalising all asset realisations that have been detailed above;
- liaising with our specialist tax teams regarding various tax matters;
- reporting to creditors as appropriate; and
- considering placing the Company into a Creditor Voluntary Liquidation (CVL) to then agree creditor claims and to enable a distribution to preferential and unsecured creditors.

2.2 Asset realisations

Realisations during the Period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Rent refund

During the Period, £34,307 has been received in relation to rent refunds, of which £5,358 relates to rent refunded by the landlord following the surrender of the Company's freehold property on 31 March 2020.

The remaining £28,949 relates to rent costs recharged to CCL and CSL, following a reconciliation exercise of costs across the Administration Group.

Reimbursement of third party payroll

Prior to our appointment, the Company administrated the Group's payroll and this continued in administration. Following a reconciliation exercise of payroll costs paid by the Company on behalf of the Administration Group, £23,159 has been reimbursed in the Period from CCL and CSL.

Bank interest

During the Period, £5,154 of bank interest has been received in relation to funds held in the fixed charge bank account and £7,040 of bank interest has been received in relation to funds held in the floating charge bank account.

Sundry refunds

We have received £3,029 of sundry refunds during the Period. This is mostly attributable to a refund received in relation to legal fees that were overpaid prior to our appointment.

Cash at bank

Following the closure of the Company's pre-appointment bank accounts, the remaining balance of £1,000 was transferred into the administration bank account.

Investigations

We have continued to review the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential. In the absence of any new information, our investigation work has concluded, and no further action will be taken in this regard.

2.3 Costs

Payments made in this Period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the Period are provided below.

Administrators' fees

During the Period, £400,000 has been paid to the Joint Administrators' remuneration for work carried out in the administration. We sought and obtained approval for these fees alongside our Proposals in a prior period.

Administrators' disbursements

Disbursements of £5,654 have been paid during the Period. We obtained approval to draw these disbursements alongside our Proposals.

Costs of QMC sale

As noted above, KPMG's Corporate Finance Team has supported with the sale of CPFL's interest in a PFI SPV. Accordingly, £41,266 has been paid to the Corporate Finance Team for its work during the Period. They were engaged by the Group's directors prior to the appointment of the joint Administrators and it was considered critical to being able to continue with the sale given their detailed knowledge of the asset. The sale has now completed, and as such further costs will be paid to the Corporate Finance team following the period end (see Section 2.4 below).

Legal fees

During the Period, fees of £38,154 were paid for legal advice provided to the Joint Administrators.

Eversheds has been paid £35,404 advising on the indemnity agreement held by HCCL and for providing other general legal advice. Please note that this included a £9,000 disbursement which was paid to Counsel for advice on the HCCL indemnity. For more information on the indemnity agreement held by HCCL, please refer to our previous progress report. The Company is expected to recover £6,000 of the cost of Counsel fees from CCL and CEL following the period end.

Clarion has also been paid £2,000 for its advice on the sale of CDSL.

Freeths was paid £750 in relation to the sale of the Company's freehold property.

IT costs

During the Period, £7,187 has been paid in relation to IT services required at the outset of the administration, including domain and email hosting services.

Following a Group reconciliation exercise, £4,487 of IT costs were repaid to CCL for services paid for on behalf of the Company.

The remaining £2,700 consists of monthly data-room hosting costs in relation to CPFL and the sale of the PFI SPV. This service has been terminated following completion of the sale.

Insurance

On appointment, Marsh was instructed to provide insurance cover for the Company's assets. Accordingly, £3,125 was paid to Marsh during the Period.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below.

Insurance

Insurance costs of £1,120 have been incurred during the Period and will be paid during the next period.

Legal fees and disbursements

Eversheds has incurred legal fees of £9,306 and disbursements of £9 that have not been paid during the Period. Eversheds' fees have mostly been incurred for its advice required on the sale of CRL's development land. These amounts will be paid in the next period.

IT costs

IT costs of £450 have been incurred but not yet paid during the period. This relates to monthly data-room hosting costs in relation to CPFL and the sale of the PFI SPV. These will be paid in the next period.

QMC Costs

QMC costs of £1,600 have been incurred but not yet paid during the Period relating to work carried out by the Director of CPF (professional costs), in order to assist with the sale of the PFI SPV.

Following the sale completion, additional costs of £223,800 have been incurred but not yet paid to KPMG's Corporate Finance Team for its work on the sale. As stated above, the net realisation to the Company in respect of this sale is expected to be in excess of £4 million.

3 Dividend prospects

3.1 Secured creditors

At appointment, NatWest held the benefit of fixed and floating charges over the Company by way of a debenture. As previously reported, NatWest has confirmed that it has recovered its indebtedness in full.

3.2 Preferential creditors

We estimate the amount of preferential claims to be £29,061.

The timing of any distribution is dependent upon the realisations and associated costs of the administration. Based on current estimates, we anticipate that preferential creditors will be fully repaid, however the timing of a dividend is currently uncertain.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and payment of associated costs. Note that any dividend to unsecured creditors is likely to be paid in a subsequent Creditors' Voluntary Liquidation ('CVL'). As detailed in the Proposals, the most likely exit route for the Joint Administrators will be via a CVL.

4 Joint Administrators' remuneration and disbursements

Time costs

From 6 June 2020 to 5 December 2020, we have incurred time costs of £136,603. These represent 381 hours at an average rate of £359 per hour.

From the date of our appointment to 5 December 2020, we have incurred time costs of £809,138. These represent 2,119 hours at an average rate of £382 per hour.

Please see detailed analysis of the time spent and a narrative description of the work performed (Appendix 5) and in our previous progress report

Disbursements

During the Period, we have incurred disbursements of £231. In addition, £5,654 of disbursement that were incurred in a prior period have been paid. The full breakdown of disbursements can be found in Appendix 5.

Additional information

We have provided a revised expense estimate at Appendix 4. Our estimated expenses have increased from the first progress report, and further narrative in relation to each element of the revised estimate is provided in the respective Appendix.

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 6 June 2020 to 5 December 2020. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- complying with all legal and statutory matters arising in the Administration;
- realising the Company's remaining assets, including receiving the distribution from CPFL following the QMC and realising the development land held by CRL;
- making distributions to the Company's preferential creditors;
- obtaining tax and VAT clearance for the administration;
- finalising all other matters, including the payment of administration liabilities and;
- completion of all statutory duties in the administration, prior to an exit by an appropriate exit route (likely to be CVL).

5.2 Extension of the administration

During the Period, preferential and unsecured creditors granted a twelve-month extension to the period of the administration.

The administration is currently due to end on 5 December 2021.

5.3 Future reporting

We will provide a further progress report within one month of 5 June 2021 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information

Company name	Clugston Group Limited
Date of incorporation	1 November 1937
Company registration number	00333188
Present registered office	1 Sovereign Square, Sovereign St, Leeds, LS1 4DA

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, Business and Property Court in Leeds, Insolvency and Companies List (ChD), 1296 of 2019
Appointor	Directors
Date of appointment	6 December 2019
Joint Administrators' details	James Clark and Howard Smith
Estimated values of the Net Property and Prescribed Part	<p>Estimated Net Property is £16,379,424. The Prescribed Part is capped at the statutory maximum of £600,000.</p> <p>The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3).</p>
Prescribed Part distribution	<p>The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply.</p> <p>Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors.</p>
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	5 December 2021

Appendix 2 Joint Administrators' receipts and payments account

Clugston Group Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 06/06/2020 To 05/12/2020 (£)	From 06/12/2019 To 05/12/2020 (£)
FIXED CHARGE ASSETS			
6,000,000.00	Freehold property	354.51	5,406,299.12
	Shares and investments	NIL	1.00
	Bank interest, gross	5,154.22	11,508.72
	Reimbursement of search fees	NIL	1,552.51
5,200,000.00	PFI SPV	NIL	NIL
		5,508.73	5,419,361.35
FIXED CHARGE COSTS			
	Legal fees	(750.00)	(28,850.00)
	Agents'/Valuers' fees	NIL	(50,000.00)
	Consultancy Costs	NIL	(12,181.00)
	Costs of QMC Sale	(41,266.00)	(41,266.00)
		(42,016.00)	(132,297.00)
FIXED CHARGE CREDITORS			
(1,350,000.00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
	Miscellaneous receipts	NIL	2,520.99
	Rent refund	34,307.42	34,307.42
	Intercompany loans	NIL	2,400,000.00
	Cash at bank	1,000.25	5,618,125.70
	Insurance refund	(1,028.60)	9,462.90
		34,279.07	8,064,417.01
OTHER REALISATIONS			
	Bank interest, gross	7,040.59	15,213.91
	Refund of BUPA Cash Plan	337.20	4,420.16
	Sundry refunds	3,029.23	3,029.23
	Employee Trust funds	NIL	34,163.30
	Reimbursement of Third Party payroll	23,159.63	1,113,704.95
	Charges for administrative services	(6,649.85)	75,967.14
	Funds held for third parties	NIL	81,025.00
	Advertising	NIL	350.00
3,100,000.00	Intercompany debtors	NIL	NIL
		26,916.80	1,327,873.69
COST OF REALISATIONS			

Clugston Group Limited - in Administration
Abstract of receipts & payments

Statement of affairs (£)		From 06/06/2020 To 05/12/2020 (£)	From 06/12/2019 To 05/12/2020 (£)
	Repayment of third party funds	(125.00)	(81,023.00)
	Repayment of employee Trust funds	NIL	(34,299.01)
	IT costs	(7,187.30)	(9,073.28)
	Administrative services	(849.45)	(9,836.50)
	Other professional costs	NIL	(432.74)
	Administrators' pre-administration costs	(442.00)	(442.00)
	Administrators' fees	(400,000.00)	(400,000.00)
	Administrators' expenses	(5,654.21)	(5,654.21)
	Payroll Bureau Costs	(1,818.70)	(1,906.45)
	Agents'/Valuers' fees	(1,788.00)	(7,528.00)
	Software costs	(450.00)	(27,450.00)
	Legal fees	(37,403.50)	(87,149.00)
	Pre-appointment legal fees	NIL	(1,176.50)
	Payment of third party payroll	(3,392.61)	(1,130,467.78)
	Legal disbursements	(160.24)	(756.87)
	Storage costs	NIL	(2,300.00)
	Re-direction of mail	NIL	(211.00)
	Statutory advertising	NIL	(73.00)
	Rent	NIL	(39,657.76)
	Insurance of assets	(3,124.66)	(3,124.66)
	Wages & salaries	(1,229.82)	(136,088.04)
	PAYE & NIC	(1,056.99)	(103,068.63)
	Bank charges	(60.00)	(765.00)
		(464,742.48)	(2,082,483.43)
	PREFERENTIAL CREDITORS		
(7,393.00)	Employees' wage arrears	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(64,672,000.00)	Trade & expense	NIL	NIL
(264,000.00)	Employees	NIL	NIL
(1,000,000.00)	Intercompany creditors	NIL	NIL
		NIL	NIL
(52,993,393.00)		(440,053.88)	12,596,871.62
	REPRESENTED BY		
	Floating charge VAT receivable		115,809.09
	Fixed charge current		5,258,483.35

Clugston Group Limited - in Administration**Abstract of receipts & payments**

Statement of affairs (£)	From 06/06/2020	From 06/12/2019
	To 05/12/2020 (£)	To 05/12/2020 (£)
Fixed charge money market		NIL
Floating charge current		7,201,920.87
Floating charge money market		NIL
Fixed charge VAT receivable		26,435.40
Floating charge VAT payable		(5,777.09)
		<hr/>
		12,596,871.62

Appendix 3 Schedule of expenses

Schedule of expenses (06/06/2020 to 05/12/2020)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Fixed charge costs			
Legal fees	750.00	0.00	750.00
Costs of QMC Sale	41,266.00	225,400.00	266,666.00
Cost of realisations			
Repayment of third party funds	125.00	0.00	125.00
IT costs	6,737.30	450.00	7,187.30
Administrative services	849.45	0.00	849.45
Administrators' pre-administration costs	442.00	0.00	442.00
Administrators' fees	400,000.00	0.00	400,000.00
Administrators' expenses	5,654.21	0.00	5,654.21
Payroll Bureau Costs	1,818.70	0.00	1,818.70
Legal fees	37,403.50	9,306.00	46,709.50
Payment of third party payroll	3,392.61	0.00	3,392.61
Legal disbursements	160.24	9.00	169.24
Insurance of assets	3,125.00	1,120.00	4,245.00
Wages & salaries	1,229.82	0.00	1,229.82
PAYE & NIC	1,056.99	0.00	1,056.99
Bank charges	60.00	0.00	60.00
TOTAL	504,070.82	236,285.00	740,355.82

Please note that there is a difference between the payments made during the Period of £506,758 (per the receipts and payments account) and the expenses incurred and paid in the period of £504,071 (per the schedule of expenses).

This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Poppy Bayley at 1 Sovereign Square, Sovereign St, Leeds, LS1 4DA.

Appendix 4 Joint Administrators' revised expenses estimate

Revised expenses estimate					
£'s	Note	Previous Estimate	Paid to Date	Future Costs	Total
Joint Administrators' pre-administration costs		450.00	442.00	-	442.00
Legal fees	1	159,022.00	115,999.50	43,022.50	159,022.00
Legal disbursements	1	3,096.63	756.87	2,339.76	3,096.63
Pre-administration legal fees		1,176.00	1,176.00	-	1,176.00
Costs of QMC Sale	2	-	41,266.00	225,400.00	266,666.00
Agents' fees		65,740.00	57,528.00	8,212.00	65,740.00
Agents' disbursements		-	-	-	-
Consultancy		12,181.00	12,181.00	-	12,181.00
Related Party Payroll	3	1,127,075.17	1,130,467.78	-	1,130,467.78
Wages		134,945.97	137,994.49	-	137,994.49
Head Office Costs	4	58,000.00	27,000.00	31,000.00	58,000.00
Insurance		10,000.00	3,124.66	6,875.34	10,000.00
Storage Costs	5	54,800.00	2,300.00	52,500.00	54,800.00
Statutory advertising		365.00	73.00	292.00	365.00
Bank charges		1,205.00	765.00	440.00	1,205.00
Mail Re-direction		411.00	211.00	200.00	411.00
Rent		39,657.76	39,657.76	-	39,657.76
PAYE & NIC	6	132,011.64	103,068.63	-	103,068.63
Administrative Services	7	8,987.05	9,836.50	-	9,836.50
Employee advisory costs		5,432.74	432.74	5,000.00	5,432.74
Repayment of third party funds	8	80,898.00	81,023.00	-	81,023.00
Repayment of employee trust funds		34,299.01	34,299.01	-	34,299.01
IT costs	9	3,885.98	9,523.28	2,000.00	11,523.28
Total		1,933,639.95	1,809,126.22	377,281.60	2,186,407.82

Note 1 – Legal fees and disbursements

Legal fees of £116,000 and legal disbursements of £757 have been paid to date in relation to legal advice given throughout the administration. We anticipate that future costs of £43,023 and £2,340 will be incurred in relation to legal fees and disbursements. This estimate remains in line with the estimate given in our previous progress report.

Note 2 – QMC Sale

As previously detailed, QMC costs of £1,600 have been incurred but not yet paid during the period relating to work carried out by the Director of CPF, in order to assist with the sale of the PFI SPV.

Fees of £41,266 have been paid to date in relation to the work carried out by KPMG's Corporate Finance Team on the sale of CPFL's interest in a PFI SPV. As previously detailed, KPMG's Corporate Finance Team had been engaged by the Company prior to our appointment. The sale has now completed and a further £223,800 will be paid to the KPMG Corporate Finance Team for their work on the sale. Fees incurred by Addleshaw Goddard (legal advisers to CPFL) in relation to the work carried out on the sale of CPFL's PFI SPV, will be deducted from the sale proceeds before they are transferred into the Company's administration bank account. The net realisation to the Company (after all professional costs, including those of KPMG Corporate Finance) is expected to be in excess of £4 million.

Note 3 – Related Party Payroll

As outlined in our previous reports, the Company has provided payroll services to CCL and CSL during the administration. Costs of £1.1 million have been incurred and paid to date, exceeding our previous estimate. No future costs are expected in relation to this expense as all remaining employees were made redundant over the course of the Period. Of these costs, £1.1 million has been recharged to CCL, CSL and CDSL (see Section 2.2).

Note 4 – Head Office Costs

To date, £27,000 has been paid in relation to head office costs, including access to payroll software. We have included a provision of £31,000 to cover future head office costs; £25,000 of this estimate is a contingency for a dilapidations charge which could be applied by the landlord. The remaining £6,000 relates to the collection and disposal of company paperwork, which is a statutory obligation of the Joint Administrators. This is in line with our previous estimate.

Note 5 – Storage Costs

Storage costs of £2,300 have been paid to date and we anticipate that future costs of £52,500 will be incurred. Costs for storage are high due the large amount of books and records on the Group's sites at appointment. This cost relates to CCL and CSL as well as the Company, so this will be proportionally recharged at the appropriate juncture. This estimate is in line with our previous expense estimate.

Note 6 – PAYE & NIC

Costs of £103,069 have been paid to date in related to PAYE and NIC liabilities. We do not anticipate that there will be any future costs incurred in relation to PAYE and NIC, as all employees have now been made redundant. Therefore, PAYE and NIC costs are lower than our original estimate of £132,012.

Note 7 – Administrative services

Costs of £9,837 have been paid to date for various administrative services such as access to IT and HR. This exceeds our original estimate of £8,987, therefore we estimate that a further £2,000 will be incurred during the administration.

Note 8 – Repayment of Third Party Funds

£81,023 have been paid to date in relation to the Repayment of Third Party funds. This exceeds the original estimate of £80,898 included in our previous progress report, as we

have received more third party funds than expected. We do not anticipate that there will be any future costs associated with this.

Note 9 – IT costs

IT costs of £9,523 have been paid to date, this exceeds our original estimate of £3,886. Of the £9,523 already paid, £4,487 relates to IT costs recharged to the Company which were paid by CCL. The remaining balance is mostly made up of monthly data-room hosting fees in relation to CPFL and the sale of the PFI SPV.

Appendix 5 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee and pensions up to 1 March 2020 from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Poppy Bayley on 07778 299 703.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

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

Table of charge-out rates

Charge-out rates (£) Restructuring		
Grade	From 01 Oct 2019 £/hr	From 01 Jan 2020 £/hr
Partner	655	690
Director	590	620
Senior Manager	535	560
Manager	445	467
Senior Administrator	310	325
Administrator	225	236
Support	140	147

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek 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 to both 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.

Category 2 disbursements charged by KPMG Restructuring include 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.

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

We have incurred the following disbursements (excluding VAT) during the period 6 June 2020 to 5 December 2020.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
External printing		55.82		NIL	55.82
Postage		175.52		NIL	175.52
Total		231.34		NIL	231.34

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Narrative of work carried out for the period 6 June 2020 to 5 December 2020

The key areas of work have been:

Statutory and compliance	preparing statutory receipts and payments accounts; obtaining approval from preferential and unsecured creditors of a twelve month extension of the administration; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	monitoring and reviewing the administration strategy; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	reviewing the Company's pre-appointment corporation tax and VAT position; analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; dealing with post appointment tax compliance.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; drawing remuneration in accordance with the basis which has been approved by preferential and unsecured creditors; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	collating information from the Company's records regarding the assets; liaising with finance companies in respect of assets subject to finance agreements; liaising with agents regarding the sale of assets; reviewing outstanding debtors and management of debt collection strategy; seeking legal advice in relation to book debt collections; reviewing the inter-company debtor position between the Company and other group companies.
Health and safety	liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums.
Employees	dealing with queries from employees regarding various matters relating to the administration; communicating and corresponding with HM Revenue and Customs;
Creditors and claims	updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; drafting our progress report.

Time costs

SIP 9 –Time costs analysis (06/06/2020 to 05/12/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
Fund management	0.85	223.70	263.18
General (Cashiering)	24.35	6,718.00	275.89
Reconciliations (& IPS accounting reviews)	31.25	8,314.00	266.05
General			
Books and records	5.80	1,751.50	301.98
Fees and WIP	3.45	1,238.40	358.96
Statutory and compliance			
Budgets & Estimated outcome statements	4.00	944.00	236.00
Checklist & reviews	11.35	2,975.00	262.11
Extension related formalities	8.90	2,777.90	312.12
Strategy documents	11.45	4,602.80	401.99
Tax			
Initial reviews - CT and VAT	1.70	609.10	358.29
Post appointment corporation tax	12.80	6,812.40	532.22
Post appointment VAT	34.75	9,421.70	271.13
Creditors			
Creditors and claims			
Agreement of preferential claims	0.40	186.80	467.00
General correspondence	19.10	5,650.50	295.84
Legal claims	0.50	118.00	236.00
Pre-appointment VAT / PAYE / CT	3.30	1,413.30	428.27
Secured creditors	0.30	140.10	467.00
Statutory reports	82.35	24,013.80	291.61
Employees			
Correspondence	4.90	2,265.20	462.29
Insurance solutions			
Creditors			
Creditors' claims	9.80	4,505.60	459.76
Investigation			
Directors			
Correspondence with directors	0.70	257.60	368.00
Investigations			
Review of pre-appt transactions	8.50	2,762.50	325.00
Realisation of assets			

SIP 9 –Time costs analysis (06/06/2020 to 05/12/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Asset Realisation			
Cash and investments	67.95	34,800.90	512.15
Debtors	1.25	295.00	236.00
Freehold property	0.55	129.80	236.00
Insurance	3.80	896.80	236.00
Leasehold property	1.00	236.00	236.00
Other assets	25.00	12,380.00	495.20
Rent	0.50	162.50	325.00
Total in period	380.55	136,602.90	358.96

Brought forward time (appointment date to SIP 9 period start date)	1,738.75	672,535.53
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	380.55	136,602.90
Carry forward time (appointment date to SIP 9 period end date)	2,119.30	809,138.43

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 the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes

Appendix 6 Glossary

Bank	NatWest Westminster Bank
CBRE	CBRE Limited
CCL	Clugston Construction Limited
CDSL	Clugston Distribution Services Limited
CEL	Clugston Estates Limited
Clarion	Clarion Solicitors Limited
CNIM	Constructions industrielles de la Méditerranée (a company registered in France)
Company	Clugston Group Limited - in Administration
Court	High Court of Justice, Business and Property Court in Leeds, Insolvency and Companies List (ChD)
CRL	Clugston Reclamation Limited
CSL	Clugston Services Limited
Directors	David Westland Antony Clugston John Westland Antony Clugston John Anthony Brian Kelly Ian Pattison Stephen John Radcliffe Andrew William Walker

Eque2	Eque2 Limited
Eversheds	Eversheds Sutherland LLP
Freeths	Freeths LLP
Group	The Company together with; Clugston Construction Limited Clugston Services Limited Clugston Distribution Services Limited Clugston Estates Limited
HCCI	HCC International Insurance Co PLC
Joint Administrators/we/our/us	James Clark and Howard Smith
KPMG	KPMG LLP
Marsh	JLT Speciality Limited (trading as Marsh)
NatWest	National Westminster Bank Public Limited Company
Period	6 December 2019 (appointment) to 5 June 2020
PFI	Private Finance Initiative
PPF	Pension Protection Fund
Property / Head Office	St Vincent House, Normanby Rd, Scunthorpe DN15 8QT and Gelderd Road, Morley, Leeds LS27 7JP;

and

Industrial Estate on the west side of Brigg
Road, Scunthorpe DN16 1BB

Proposals

Joint Administrators' proposals dated 31
January 2020

Purchaser

Midos Group UK Limited

Sanderson Weatherall

Sanderson Weatherall LLP Sanderson
Weatherall LLP

SPV

Special Purpose Vehicles

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 7 Notice: About this report

This report has been prepared by James Clark and Howard Smith, the Joint Administrators of Clugston Group Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, 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 or any other company in the Group.

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 the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

James Richard Clark and Howard Smith are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators 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 administration.

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