

AM10

Notice of administrator's progress report



Companies House

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

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

J. All

X

Signature date

d	0	d	1	m	0	m	7	y	2	y	0	y	2	y	1
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**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 **Interpath Advisory**

Address **1 Sovereign Square**

Sovereign Street

Post town **Leeds**

County/Region

Postcode

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Country

DX

Telephone **Tel +44 (0) 113 521 7510**

**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 December 2020 to 5 June 2021

Clugston Group Limited - in
Administration

1 July 2021

Deemed delivered: 5 July 2021

Notice to creditors

Please note that KPMG LLP sold its Restructuring practice in the UK to Interpath Ltd ('Interpath Advisory') on 4 May 2021. This will not have an impact on your day to day dealings of the administration of the Company and your case contacts remain the same. Please note that the contact details for your primary case contacts may have changed, please check the insolvency portal at <http://clugstongroup.ia-insolv.com> for the latest contact details OR contact Poppy.Bayley@interpathadvisory.com

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 5).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, www.ia-insolv.com/case+INTERPATH+CJC05F4604.html. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 6).

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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 the 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 December 2020 to 5 June 2021 (the 'Period').

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 Services 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 accessing funds following 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).

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).

The administration is currently due to end on or before 5 December 2021. Due to the expectation of sufficient funds in the administration to enable a distribution to preferential and unsecured creditors, we expect the Company will be moved to CVL.

Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at <http://clugstongroup.ia-insolv.com>. 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 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

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 prior periods, please refer to our previous progress reports 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'), owned an interest in a PFI SPV. The sale of the PFI SPV was completed at the end of the previous period and the funds are now being held by CPFL's solicitors.

During the Period, we have been liaising with the director of CPFL to ensure that all costs have been discharged (relating to M&A and legal fees) and to consider the options that are available to distribute the funds to the Company. We do not anticipate any further costs will be incurred, meaning a realisation for the Company in excess of £4.0 million. Together with our tax specialists, we have also spent significant time considering the tax implications of the distribution for CPFL and the Administration Group.

It is anticipated that CPFL will transfer the funds to the Company by way of a dividend, prior to being solvently wound up (an 'MVL'), and we expect that this will take place in the upcoming period. Formal resolutions in relation to the proposed MVL of CPFL are detailed in Section 5.1.

Freehold Land: As previously reported, one of the Company's wholly owned subsidiaries, Clugston Reclamation Limited ('CRL'), owns two plots of developments land. We have continued to liaise 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, which has now been extended to June 2021 to allow sufficient time for it to be exercised. Consequently, the developer has submitted another application for planning permission. If the application is successful, this could lead to a recovery in excess of that previously estimated by the Joint Administrators. CRL will receive £2,500 in relation to the extension of this option and this will be realised at the beginning of the next period.

SW continues to market the second plot of land owned by CRL. During the Period, SW has carried out extensive marketing of the land, with interest received from over 60 parties. Relevant legal advice has also been obtained during the Period. We are hopeful that a sale in relation to this land will be agreed in the next period but the exact quantum of this realisation is currently unknown.

During the Period, we have also continued to liaise with the director of CPFL and CRL with regards to the submission of financial accounts in order to preserve the value of CPFL's and CRL's assets.

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

- Finalising all asset realisations that are detailed above;
- Liaising with our in-house specialist tax teams regarding various tax matters;
- Reporting to creditors as appropriate;
- Agreeing preferential claims and distributing funds accordingly; and
- Bringing the administration to a close with a view to moving the Company to CVL.

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.

During the Period, we received £37,156 in sundry refunds pertaining to pre-appointment insurance refunds.

Eversheds has provided legal services to the Administration Group. The Company paid Eversheds in a prior period for advice relating to the indemnity agreement held by HCCI – advice which is to the benefit of multiple group companies. Accordingly, CEL reimbursed the Company a proportionate amount during the Period, being £3,000.

During the Period, we have received £31,004 from HMRC in relation to a VAT repayment owed to CCL, which is part of the Company's VAT Group. The refund of £31,004 will be repaid to CCL in due course.

During the Period, £223 of bank interest has been received in relation to funds held in the fixed charge bank account and £321 has been received in relation to funds held in the floating charge bank account.

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.

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.

During the Period, £9,306 of legal fees and £9 of disbursements have been paid to Eversheds in relation to advice given on the sale of CRL's freehold land and for Land Registry Fees.

We have paid £1,643 to our agents Sanderson Weatherall for the work carried out in relation to the marketing of CRL's freehold land.

During the Period, £45,000 has been paid to the Joint Administrators for work carried out in the administration. We sought and obtained approval for these fees alongside our Proposals in a prior period.

Disbursements of £232 have been paid to the Joint Administrators during the Period. We obtained approval to draw these disbursements alongside our Proposals.

A director of CPFL has provided assistance with the sale of the PFI SPV. Accordingly, the director has been paid £1,600 during the Period for their services.

We have repaid £381 to a former employee in relation to BUPA cash plan funds received in error.

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.

Legal fees of £5,034 have been incurred by Eversheds during the Period for their ongoing advice, mainly in relation to the sale of CRL's freehold land. This will be paid during the next period.

3 Dividend prospects

3.1 Secured creditors

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

3.2 Preferential creditors

We estimate preferential claims to total £29,061.

Based on current estimates, we anticipate that preferential creditors should receive a dividend. We have yet to determine the amount of this, however we are currently in the process of agreeing claims and we anticipate making a distribution in the next period.

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 expenses

From 6 December 2020 to 5 June 2021, we have incurred time costs of £96,141. These represent 253 hours at an average rate of £380 per hour.

From the date of our appointment to 5 June 2021, we have incurred time costs of £905,280. These represent 2,372 hours at an average rate of £382 per hour.

To date we have drawn fees totalling £445,000, noting that we currently have approval from creditors to draw fees up to £882,143.

During the Period, we have incurred expenses of £7 which have not yet been paid.

In addition, £231 of disbursements that were incurred in a prior period have been paid. The full breakdown of disbursements can be found in Appendix 4.

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Interpath for the period from 6 December 2020 to 5 June 2021. We have also attached our charging and expenses policy.

5 Future strategy

5.1 Decision procedure

Notice of seeking a decision by correspondence is being circulated to preferential and unsecured creditors with this report.

As noted above, the Company has a wholly owned subsidiary Clugston PF Limited ('CPFL'). CPFL owned an interest in a PFI SPV which has now been sold and the funds relating to the sale continue to be held by the solicitors of CPFL.

The directors of CPFL are seeking to wind up CPFL via a solvent liquidation (Members voluntary Liquidation ("MVL")). An MVL is a formal liquidation process which allows solvent companies to wind down their operations. Following the settlement of any liabilities of CPFL, remaining funds (anticipated to be in excess of £4.0 million) will be distributed to the Company. These funds will form part of the funds available to be distributed to creditors of the Company. It is proposed that employees of Interpath Limited are appointed as MVL liquidators. Ordinarily, the following resolutions are made by the shareholder(s) of a company, here, Clugston Group – in Administration. Given the economic benefit of the process sits with the creditors of Clugston Group, we are proposing that the following decisions to be considered as part of the decision by correspondence are voted for by the Company's creditors. The proposed resolutions are as follows:

That the Joint Administrators of the Company, as shareholder of CPFL, are authorised to approve the resolution which appoints Nick Timpson and Steve Absolom of Interpath Limited as MVL liquidators; and

That should the appointment of Nick Timpson and Steve Absolom as MVL liquidators be approved, that the Joint Administrators of the Company, as shareholder of CPFL, are authorised to approve the resolution on remuneration which their fees are agreed at £15,000 plus outlays of £291-461 in accordance with an engagement letter. Further approval will be sought sort for any additional fees.

For more information, please refer to the correspondence sent to creditors dated 1 July 2021 or visit the insolvency portal at <http://clugstongroup.ia-insolv.com>.

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors or (c) 10 creditors and (2) if the procedures set out below are followed.

Requests for a physical meeting must be made within five business days of the date on which notice of the decision procedure was delivered. They must include:

- a statement of the requesting creditors' claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditors; and

a statement of the purpose of the proposed meeting.

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

5.2 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 accessing funds following the sale of shares in a PFI SPV and realising the development land held by CRL;
- obtaining tax and VAT clearance for the administration;
- adjudicating preferential claims and the subsequent payment of preferential dividends (as funds allow)
- finalising all other matters, including the payment of any outstanding costs of the administration;
- completing all statutory duties of the administration, prior to an exit by an appropriate exit route which is likely to be CVL.

5.3 Future reporting

We intend to provide our final progress report by 5 December 2021.

Appendix 1 Statutory information

Company name	Clugston Group Limited
Date of incorporation	1 November 1937
Company registration number	00333188
Present registered office	1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA
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 £15,614,491. 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 – Dividend Prospects).</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 06/12/2020 To 05/06/2021 (£)	From 06/12/2019 To 05/06/2021 (£)
FIXED CHARGE ASSETS			
6,000,000.00	Freehold property	NIL	5,406,299.12
	Shares and investments	NIL	1.00
	Bank interest, gross	222.86	11,731.58
	Reimbursement of search fees	NIL	1,552.51
5,200,000.00	PFI SPV	NIL	NIL
		222.86	5,419,584.21
FIXED CHARGE COSTS			
	Legal fees	(9,306.00)	(38,156.00)
	Legal disbursements	(9.00)	(9.00)
	Agents'/Valuers' fees	NIL	(50,000.00)
	Agents disbursements	(1,643.00)	(1,643.00)
	Insurance of fixed assets	(1,120.00)	(1,120.00)
	Bank charges	(20.00)	(20.00)
	Consultancy Costs	NIL	(12,181.00)
	Costs of QMC Sale	(1,600.00)	(42,866.00)
		(13,698.00)	(145,995.00)
FIXED CHARGE CREDITORS			
(1,350,000.00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
	Miscellaneous receipts	NIL	2,520.99
	Rent refund	NIL	34,307.42
	Intercompany loans	NIL	2,400,000.00
	Cash at bank	NIL	5,618,125.70
	Insurance refund	NIL	9,462.90
		NIL	8,064,417.01
OTHER REALISATIONS			
	Bank interest, gross	320.85	15,534.76
	Refund of BUPA Cash Plan	NIL	4,420.16
	Sundry refunds	37,155.50	40,184.73
	Employee Trust funds	NIL	34,163.30

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

Statement of affairs (£)		From 06/12/2020 To 05/06/2021 (£)	From 06/12/2019 To 05/06/2021 (£)
	Reimbursement of Third Party payroll	NIL	1,113,704.95
	Charges for administrative services	3,000.00	78,967.14
	Funds held for third parties	NIL	81,025.00
	Advertising	NIL	350.00
3,100,000.00	Group Company VAT Repayments	31,004.08	31,004.08
		71,480.43	1,399,354.12
COST OF REALISATIONS			
	Sundry Repayments	(381.12)	(381.12)
	Repayment of third party funds	NIL	(81,023.00)
	Repayment of employee Trust funds	NIL	(34,299.01)
	IT costs	(769.35)	(9,842.63)
	Administrative services	NIL	(9,836.50)
	Other professional costs	NIL	(432.74)
	Administrators' pre-administration costs	NIL	(442.00)
	Administrators' fees	(45,000.00)	(445,000.00)
	Administrators' expenses	(231.34)	(5,885.55)
	Payroll Bureau Costs	NIL	(1,906.45)
	Agents'/Valuers' fees	NIL	(7,528.00)
	Software costs	NIL	(27,450.00)
	Legal fees	NIL	(88,325.50)
	Payment of third party payroll	NIL	(1,130,467.78)
	Legal disbursements	NIL	(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	(1,529.25)	(4,653.91)
	Wages & salaries	NIL	(136,088.04)
	PAYE & NIC	NIL	(103,068.63)
	Bank charges	(20.00)	(785.00)
		(47,931.06)	(2,130,414.49)
PREFERENTIAL CREDITORS			
(7,393.00)	Employees' wage arrears	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			

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

Statement of affairs (£)		From 06/12/2020 To 05/06/2021 (£)	From 06/12/2019 To 05/06/2021 (£)
(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)		10,074.23	12,606,945.85

REPRESENTED BY

Floating charge. VAT receivable	125,315.08
Fixed charge current	5,242,496.61
Floating charge current	7,218,629.72
Fixed charge VAT receivable	28,947.00
Floating charge. VAT payable	(5,777.09)
Floating charge VAT control	(153.87)
Fixed charge VAT control	(2,511.60)
	12,606,945.85

Appendix 3 Schedule of expenses

Schedule of expenses (06/12/2020 to 05/06/2021)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Fixed charge costs			
Legal fees	9,306.00	5,034.00	14,340.00
Legal disbursements	9.00	0.00	9.00
Agents disbursements	1,643.00	0.00	1,643.00
Bank charges	20.00	0.00	20.00
Cost of realisations			
Sundry Repayments	381.12	0.00	381.12
IT costs	319.35	0.00	319.35
Administrators' fees	45,000.00	0.00	45,000.00
Administrators' expenses	231.34	0.00	231.34
Bank charges	20.00	0.00	20.00
TOTAL	56,929.81	5,034.00	61,963.81

Please note that there is a difference between the payments made during the period of £61,629 (per the receipts and payments account) and the expenses incurred and paid in the period of £56,930 (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

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.

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 Street, Leeds, LS1 4DA.

Appendix 4 Joint Administrators' charging and expenses 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 in-house Interpath Advisory, VAT and employee 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 0113 521 8121.

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.

Partner	690	690
Director	620	620
Senior Manager	560	560
Manager	467	467
Senior Administrator	325	325
Administrator	236	236
Support	147	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.

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. 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 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath 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 Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following expenses (excluding VAT) during the period 6 December 2020 to 5 June 2021.

External printing	6.48	NIL	6.48
Total	6.48	NIL	6.48

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

The key areas of work have been:

Statutory and compliance	preparing statutory receipts and payments accounts; complying with statutory requirements; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	regular case management and reviewing of progress, including regular team update meetings and calls; meeting with management to review and update strategy and monitor progress; 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	working on tax returns relating to the periods affected by the administration; applying to HMRC for tax clearance; analysing VAT related transactions; dealing with post appointment tax compliance.
Shareholders	responding to enquiries from shareholders regarding the administration; providing copies of statutory reports to the shareholders.
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.
Asset realisations	liaising with agents regarding the sale of assets.
Open cover insurance	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 statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; communicating and corresponding with HM Revenue and Customs; dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; managing claims from employees.
Pensions	ensuring compliance with our duties to issue statutory notices; liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment; communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.
Creditors and claims	creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; drafting our progress report.

SIP 9 –Time costs analysis (06/12/2020 to 05/06/2021)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
General correspondence	0.20	93.40	467.00
Cashiering			
General (Cashiering)	9.55	2,495.80	261.34
Reconciliations (& IPS accounting reviews)	0.30	70.80	236.00
General			
Fees and WIP	19.80	6,152.10	310.71
Joint appointee	1.10	682.00	620.00
Statutory and compliance			
Appointment and related formalities	0.40	94.40	236.00
Budgets & Estimated outcome statements	8.40	1,982.40	236.00
Checklist & reviews	9.05	2,330.60	257.52
Statutory receipts and payments accounts	0.30	70.80	236.00
Strategy documents	38.15	12,988.30	340.45
Tax			
Initial reviews - CT and VAT	10.35	4,475.40	432.41
Post appointment corporation tax	14.85	8,366.85	563.42
Post appointment PAYE (Non Trading)	0.70	326.90	467.00
Post appointment VAT	34.35	12,714.30	370.14
Creditors			
Creditors and claims			
General correspondence	12.80	5,017.10	391.96
Pre-appointment VAT / PAYE / CT	0.20	93.40	467.00
Statutory reports	44.00	12,337.00	280.39
Employees			
Correspondence	3.05	1,135.60	372.33
Realisation of assets			
Asset Realisation			
Cash and investments	28.35	17,181.10	606.04
Insurance	3.00	1,113.40	371.13
Other assets	13.15	6,058.00	460.68
Rent	0.60	280.20	467.00
Vehicles	0.25	81.25	325.00
Total in period	252.90	96,141.10	380.15

SIP 9 –Time costs analysis (06/12/2020 to 05/06/2021)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Brought forward time (appointment date to SIP 9 period start date)	2,119.30	809,138.43	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	252.90	96,141.10	
Carry forward time (appointment date to SIP 9 period end date)	2,372.20	905,279.53	

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.

NatWest Westminster Bank

Clugston Construction Limited

Clugston Distribution Services Limited

Clugston Estates Limited

Constructions industrielles de la Méditerranée (a company registered in France)

High Court of Justice, Business and Property Court in Leeds, Insolvency and Companies List (ChD)

Clugston Group Limited – in Administration

Clugston Reclamation

Clugston Services Limited

Creditors' Voluntary Liquidation

David Westland Antony Clugston

John Westland Antony Clugston

John Anthony Brian Kelly

Ian Pattison

Stephen John Radcliffe

Andrew William Walker

Eversheds Sutherland LLP

Freeths LLP

The Company together with;

Clugston Construction Limited

Clugston Services Limited

Clugston Distribution Services Limited

Clugston Estates Limited

HCC International Insurance Co PLC

James Clark and Howard Smith

Interpath Ltd

KPMG LLP

JLT Speciality Limited (trading as Marsh)

Members' Voluntary Liquidation

National Westminster Bank Public Limited
Company

6 December 2020 to 5 June 2021

Private Finance Initiative

Pension Protection Fund

Joint Administrators' proposals dated 31
January 2020

Sanderson Weatherall LLP

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 6 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 – www.interpathadvisory.com/privacy-insolvency.

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, Interpath Ltd 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.

www.interpathadvisory.com

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