

**Liquidator's Progress Report****Pursuant to Sections 92A, 104A and 192 of the  
Insolvency Act 1986****S.192**

To the Registrar of Companies

Company Number

00814156

Name of Company

(a) Insert full name of  
company

(a) Petroplus Refining Teesside Limited

(b) Insert full name(s)  
and address(es)I/We (b) Ian David Green and Steven Anthony Pearson of  
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street,  
Leeds, LS1 4JP and PricewaterhouseCoopers LLP, 7 More London  
Riverside, London, SE1 2RTthe liquidator(s) of the company attach a copy of my/our Progress Report  
under section 192 of the Insolvency Act 1986The Progress Report covers the period from 21 January 2013  
to 20 January 2014.

Signed



Date 19 March 2014

Presenter's name,  
address and  
reference  
(if any)

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COMPANIES HOUSE

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***Petroplus Refining  
Teesside Limited  
(in Liquidation)***

***Joint Liquidators' first  
annual progress report***

***19 March 2014***



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### IMPORTANT NOTICE

**This report includes a projection of a range of recoveries potentially available to unsecured creditors. Material uncertainties remain regarding the level of realisations, costs and the eventual level of creditors' claims.**

**The Liquidators do not accept any liability for any investment decision made by any party based upon information contained within this report.**

**This report has been prepared to provide existing creditors with an update on the Liquidation in accordance with Section 104A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986.**

*Ian David Green and Steven Anthony Pearson have been appointed Joint Liquidators of Petroplus Refining Teesside Limited. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

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

## Abbreviations used in this report

Term	Abbreviation used
Petroplus Refining Teesside Limited	"PRTL" or "the Company"
Petroplus Marketing AG	"PMAG"
Petroplus Refining & Marketing Limited	"PRML"
Petroplus Holdings AG	"PHAG"
Ian David Green and Steven Anthony Pearson	"the Liquidators", "the Joint Liquidators" or "the former Joint Administrators"
Insolvency Rules 1986	"the Rules"
Insolvency Act 1986	"the Act"
Creditors' Voluntary Liquidation	"CVL"
Petroplus Refining Teesside Limited's administrative offices in Stockton on Tees	"Petroplus House"
Petroplus Refining Teesside Limited's petrochemical storage and distribution facility in Teesside	"the Storage Facility"
Illustrative final outcome statement	"IOS"
Renewable Transport Fuel Obligation	"RTFO"
Renewable Transport Fuel Certificates	"RTFCs"
The banking syndicate	"the Lenders"
HM Revenue and Customs	"HMRC"
Pension Protection Fund	"PPF"
Department for Transport	"DFT"

## Section 1: Introduction

This report has been prepared by the Joint Liquidators of PRTL as the first annual progress report to update creditors on the progress of the Liquidation.

PRTL entered into CVL on 21 January 2013 and Ian David Green and Steven Anthony Pearson were appointed Joint Liquidators in accordance with the former Joint Administrators' proposals, which were approved by creditors on 2 April 2012

This report provides a summary of:

- the steps taken during the first year of the Liquidation,
- outstanding matters; and
- a provisional estimate of the outcome of the Liquidation for unsecured creditors

The former Joint Administrators' first and final progress reports were issued to creditors on 21 August 2012 and 5 February 2013 respectively. They provided a detailed commentary on the background of PRTL, the progress made and the challenges faced during the Administration. Much of that detail is not repeated in this report. Creditors may wish to refer to these reports for further information on the Administration

### Investigations

The Liquidators have complied with their obligations under Statement of Insolvency Practice 2 to investigate the activities of the Company and its directors.

These investigations are not expected to lead to any action being taken by the Liquidators against any party, nor do they expect them to result in any recoveries for the Company

In accordance with their statutory duties under the Company Directors Disqualification Act 1986, the Liquidators have made the appropriate submissions to the Department of Business Innovation and Skills. The contents of such submissions are confidential

### Administrators' discharge from liability

Prior to the ending of the Administration, the former Joint Administrators applied to Court for their discharge from liability pursuant to Paragraph 98(2)(c) of Schedule B1 of the Act. This application was heard on 23 April 2013 and an order was made

discharging them from liability with effect from 22 May 2013

### Recognition of the Liquidation as main proceedings

On 7 March 2013 the Chancery Division of the High Court of Justice in London ordered that the CVL of PRTL is the main proceeding under the European Council Regulation (EC) No 1346/2000 of 29 May 2000 on Insolvency Proceedings

### Next report to creditors

The Liquidators will issue their next statutory report to creditors in accordance with the provisions of the Act and the Rules, no later than 20 March 2015 or sooner should the Liquidation be able to come to end before the next anniversary.

Should you have any concerns or questions in the meantime, please contact my colleague Michael Sullivan on 0113 289 4656.



### Ian Green

Joint Liquidator of Petroplus Refining Teesside Limited (in Liquidation)

## Section 2: Executive summary

### Dividend prospects for creditors

- We are pleased to inform you that the dividend prospects for unsecured creditors have increased significantly and is currently projected to be between 27p and 95p in the £ (previously 3p to 4p in the £)
- The Liquidators have made significant progress during the period of this report to secure a better return for creditors and this work is ongoing
- The wide dividend range is a result of whether we receive back all of the funds we have previously distributed to, been retained by or set off by the Lenders. This is discussed in more detail in section 3 of this report
- We currently believe there is a good chance of being able to pay the upper end of the dividend range
- However, we will not be in a position to give notice of our intention to declare a dividend until these material issues have been resolved
- Discussions are ongoing regarding the basis for settlement with the Lenders and the wider PHAG group. As the outcome becomes clearer and we are able to narrow the dividend range, we will communicate further with creditors
- Creditors should note that the upper and lower limits of this estimate are subject to increase or decrease as further progress is made
- The final dividend level is also dependent on the level of claims admitted to rank for dividend
- Please also note that the guidance on dividend prospects is indicative only. It should not be used as the sole or principal basis of any bad debt provision decision

### Key Developments

- The following progress has been made during the Liquidation, including.
  - The sale of a number of RTFC's resulting in net realisations of £685k,

- The lease of Petroplus House has been disclaimed,
- The lease of the Storage Facility has been assigned;
- The unsecured creditor claims agreement process has been commenced,
- The final book debts have been collected, and
- During the year good progress has been made in coming to an agreement of the position with PMAG and the Lenders

### Material outstanding issues connected with PMAG and the Lenders

- Resolution of dealings with PMAG and the Lenders will be a precondition to the final settlement of the affairs of PRTL and will heavily influence the timing and quantum of the distribution to creditors for the reasons set out below.

### Ownership of the inventory

- PRTL and PMAG have currently not reached an agreement over title to the inventory at the time of the former Joint Administrators' appointment or the treatment of any proceeds arising from the sale of the inventory
- At the time of the former Joint Administrators' appointment, some of the oil stocks located at the Storage Facility were thought to be owned by PMAG and therefore charged to PMAG's Lenders
- A Receiver was appointed by PMAG's Lenders over any stocks which the Lenders claimed a charge. These stocks were sold by PRTL, by an agreement with the Receiver
- As PMAG is a net debtor of PRTL and not a net creditor, we are entitled to exercise a warehouseman's lien over the inventory.
- Notwithstanding the above, PMAG, the Receiver and the Liquidators are in ongoing dialogue regarding the resolution of this matter.

## *Section 2: Executive summary*

### **The Lenders' position**

- Shortly before and during the Administration, \$36.5m (US dollars) was retained or set off by the Lenders under their various charges which secured the guarantee of PMAG's indebtedness. We also distributed an additional \$60m (US dollars) to the Lenders during the Administration under PRTL's guarantee of PMAG's indebtedness.
  - We understand that PMAG's other assets charged to the Lenders (outside of those controlled by PRTL) have been or are in the process of being realised in various forms.
  - In the Administrators' final progress report we stated that the Lenders' security agent indicated it was possible that PMAG may be able to repay its own obligations to the Lenders from its own asset realisations and if that was found to be the case, any sums we remitted to, or were retained by the Lenders, may be recoverable by PRTL.
  - Since that report a number of discussions have been held with PMAG, the Lenders and the various insolvency practitioners of other companies within the PHAG group with a view to reaching a multi-party settlement which allows each guarantor to recover its contributions to PMAG's indebtedness.
  - We do not expect to remit any further funds to the Lenders under PRTL's guarantee of PMAG's indebtedness. If we can reach agreement with the various group entities, PRTL could recover all of the funds distributed or set off (i.e. up to \$96.5m).
  - Dialogue is continuing and constructive, but we have yet to reach definitive terms with the parties involved.
- We are seeking legal advice on the impact of these arrangements in order to inform our determination of the intercompany claims.

### **Intercompany claims**

- PRTL has received claims from PMAG and PRML, and PRTL has asserted a claim against PMAG.
- The manner in which the PHAG group financed itself gave rise to a complex series of agreements which purported to subordinate various intercompany amounts, both payable and receivable.

## Section 3: Progress made during the Liquidation

### Sale of the RTFCs

As previously reported in the Administration, the RTFO regime requires suppliers of road transport fuels to ensure that a specified percentage of the road fuels they supply in the UK are made up of renewable fuels. PRTL acted as the obligated supplier for the RTFO liability of the Petroplus group in the UK despite only being responsible for 10% of liable supplies, with PMAG being responsible for the remaining 90%.

Suppliers of eligible fuel "earn" RTFCs which are submitted annually to the DFT. Failure to supply sufficient RTFCs can give rise to substantial penalties.

PRTL had a substantial shortfall of RTFCs, which was in part because pre-administration it had sold them at the direction of PMAG to raise liquidity in the wider group. Furthermore HMRC were unwilling to provide the necessary confirmations to the DFT that duty had been paid, which is a trigger to issue RTFCs.

Following extensive discussions with HMRC, the DFT and PMAG, we entered into arrangements which enabled PRTL to meet its RTFO obligations producing a surplus of RTFCs. We entered into an agreement with PMAG to facilitate the sale of the surplus RTFCs and divide the proceeds equally.

All surplus RTFCs were sold in the period of this report netting the following realisations:

	£'000
Proceeds	1,381
Broker fees	(9)
Net proceeds	1372
Divided 50:50	
PMAG net proceeds	686
PRTL net proceeds	686

### Book debt collections

The final expected book debt collections have now been received, resulting in further realisations of £65k.

No further realisations are expected from book debts.

### Amounts received from Commerzbank

As you will be aware from the former Joint Administrators' progress reports, £1m was retained by Commerzbank to cover a potential direct debit risk. £750,000 of this retention was released in October

2012. The remaining £250,000 was released on 25 January 2013.

### Refunds received

During the period covered by this report, the Liquidators have received refunds totalling £203,000. The most significant refund was in the sum of £82,000 relating to refunded historical mandatory bank charges which were charged between 1989 and 2006. Due to the time delay in refunding the bank charges, we also received compensation totalling £115,000.

### Property matters

The purchaser of the Storage Facility was occupying under licence to 24 January 2013 under the terms of the Sale and Purchase agreement. In order to facilitate the assignment of the leases relating to the Storage Facility we granted further extensions to the licence to occupy.

The Storage Facility was formally assigned to the purchaser on 10 July 2013.

The Sale and Purchase agreement for the Storage Facility did not include Petroplus House and there was no further interest in this property from third parties. The lease for Petroplus House was disclaimed by the Liquidators on 27 March 2013.

### Finalisation of trading liabilities

In February 2013 we wrote to all suppliers who supported the former Joint Administrators' trading period from 24 January 2012 to 25 July 2012 to ask them to confirm that all liabilities from this period had been settled.

Following this exercise we believe that all liabilities resulting from that time have been paid in full.

### Taxation matters

#### Corporation Tax

The tax computations and returns for the Administration periods ended 25 July 2012 and 20 January 2013 have been submitted to HMRC and the tax due of £4k has been paid.

The first Liquidation tax period ended on 20 January 2014 and the computations and returns will be submitted in due course.



## *Section 3: Progress made during the Liquidation*

### **VAT and excise duty**

PRTL is part of a VAT group with PRML. PRML is the representative member. All VAT returns and reconciliations have been completed up to date with VAT returns now being submitted quarterly. An ongoing reconciliation exercise will be conducted until the Company is deregistered for VAT.

It is anticipated that the Company will be entitled to receive a VAT repayment from PRML once the refund is received from HMRC.

### **Ownership of the inventory**

PRTL and PMAG have currently not reached an agreement over title to the inventory at the time of the former Joint Administrators' appointment or the treatment of any proceeds arising from the sale of the inventory.

Creditors will be aware from previous reports that some of the oil stocks held at the Storage Facility at 24 January 2012 were purported to be owned by PMAG and therefore subjected to a fixed and floating charge given by PMAG to the Lenders.

A Receiver was appointed over those assets by PMAG's Lenders on 23 January 2012, and the Receiver and the former Joint Administrators entered into an arrangement allowing PRTL to deal with the PMAG oil stocks.

As PMAG is a net debtor of PRTL, and not a net creditor, we are entitled to exercise a warehouseman's lien over the inventory.

Notwithstanding the above, PMAG, the Receiver and the Liquidators are in ongoing dialogue regarding the resolution of this matter.

Until ownership is settled we will continue to exercise full control over the net proceeds from the inventory.

### **Amounts paid under PRTL's guarantee of PMAG's indebtedness**

PRTL guaranteed the indebtedness of PMAG and its subsidiaries to the Lenders. As a result of this the Lenders retained or set off \$36.5m (US dollars) immediately before or shortly after the former Joint Administrators' appointment. We also distributed an additional \$60m (US dollars) to the Lenders in respect of PMAG's indebtedness during the Administration.

We now understand that PMAG's other assets charged to the Lenders (outside of the control of PRTL) have been or are in the process of being realised in various forms.

During the period covered by this report there have been a number of meetings with PMAG, the Lenders and the insolvency practitioners for the other various PHAG companies across the different territories in order to reach a multi-party agreement to settle the position, which allows each guarantor to recover its contributions to PMAG's indebtedness. These discussions are ongoing.

We do not expect to be required to distribute any further funds to the Lenders under PRTL's guarantee of PMAG's indebtedness. If we can reach an agreement with the various group entities, PRTL could recover all of the funds distributed or set off (i.e. up to \$96.5m).

Dialogue is continuing and constructive, but we have yet to agree definitive terms with the parties involved.

### **Intercompany receivables**

The inter-company debt due from PMAG at the date of appointment had a net book value of £19.3m. As a result of PMAG's insolvency, additional liabilities crystallised and further contingent liabilities may arise in the future. A net unsecured claim of CHF103 million (£76.4m) has been submitted against PMAG.

However, during the period of this report PMAG submitted an unsecured claim of £213.8m in PRTL's Liquidation. This claim does not take into account any amounts that PMAG owes PRTL.

PMAG and PRTL were party to a deed of subordination and we are seeking legal advice on the impact of this agreement on the inter-company claim position.

For the purposes of the dividend estimate given in this report, for prudence it has been assumed that there will be no recoveries from the claim PRTL has submitted in PMAG. However we have assumed that the PMAG claim in PRTL will be rejected in full as PMAG is a net debtor of PRTL.

PRML has also submitted an unsecured claim in PRTL's Liquidation for £8m which has not yet been adjudicated but is in line with the directors' statement of affairs prepared for the Administration.

## Section 3: Progress made during the Liquidation

### Claims adjudication

Up to 20 January 2014, a total of 281 claims from trade creditors had been received or were expected in accordance with the statement of affairs. The trade creditors' category includes a claim from PRTL's pension scheme and a substantial claim from HMRC but excludes intercompany or employee claims.

Work has been undertaken to formally adjudicate these claims for dividend purposes and this is ongoing. The table below sets out the current status of these claims.

As at 20 January 2014

	Admitted	Withdrawn	To be rejected / withdrawn	Awaited	Under adjudication	Total
Number	102	36	1	116	26	281
Value £m	17.8	1.5	13.8	0.8	67.5	101.3

As shown above, we are expecting one claim for £13.8m to be withdrawn by the creditor. If this does not happen we will formally reject it. 84% by value of the claims under adjudication is the claim from HMRC.

During the period of this report it has been confirmed that PRTL's pension scheme will not be entering the PPF.

The level of trade creditor claims has increased during the period of this report by £10.3m. This increase arises from two large trade creditor claims (totalling £8m) not detailed on the directors' statement of affairs and an increase of £1.9m in the HMRC claim. We are currently adjudicating these claims.

### Claims of former employees

Former employees' claims arising from entitlements to redundancy pay and payment in lieu of notice are now estimated to total £0.6m. Part of this sum has been met by the Redundancy Payments Office, which therefore has a claim in the Liquidation equal to the total sum it paid to former employees.

Additionally, a number of employees have lodged claims with the Employment Tribunal and have received awards totalling £94k, which will rank as unsecured claims against the Company.

### Awaited claims

The directors' statement of affairs for the Administration details £0.8m of claims from potential unsecured creditors who have not yet submitted claims.

**Creditors are encouraged to submit their claims if they have not already done so using the proof of debt form, which can be downloaded from [www.pwc.co.uk/petroplus](http://www.pwc.co.uk/petroplus).**

### Liquidators' remuneration

In accordance with Rule 4.127 of the Rules, the basis of the Liquidators' remuneration has been fixed by reference to the time properly given by the Liquidators and their staff in attending to matters arising in the Liquidation.

A full analysis of the Liquidators' time costs and Category 2 disbursements for the period 21 January 2013 to 20 January 2014 is provided in Section 5.

For the period of this report, the Liquidators have incurred time costs of £385,164, which represents 1,026 hours at an average hourly rate of £375.36. Liquidators' remuneration of £250,000 plus VAT has been paid during the Liquidation towards time costs incurred in the period.

In addition, the final fees and expenses of the former Joint Administrators was also paid totalling £1,248,553.40 as outlined in the former Joint Administrators' final progress report.

**Section 4: Receipts and payments account for the period 21 January 2013 to 20 January 2014 and illustrative final outcome statement**

	21/01/2013 to 20/01/2014 £m	Comparative IOS 21/01/2013 £m	Current IOS (best case) 20/01/2014 £m	Current IOS (worst case) 20/01/2014 £m
<b>Receipts</b>				
Funds received from administrator	34.1	34.1	34.1	34.1
RTFC's (gross proceeds)	1.4	-	1.4	1.4
Book debts	0.1	-	0.1	0.1
Received from Commerzbank regarding direct debit guarantee	0.3	0.3	0.3	0.3
Refunds	0.2	-	0.2	0.2
Rent and service charges	0.3	-	0.3	0.3
Recovery of amounts previously set off, claimed or distributed under PRTL's guarantee to PMAG's Lenders (\$96.5m at £ \$ exchange rate of 1.66202 as at 14 March 2014)	-	-	58.1	-
	<u>36.4</u>	<u>34.4</u>	<u>94.5</u>	<u>36.4</u>
<b>Payments</b>				
Legal fees	(0.1)	-	(0.4)	(0.4)
Legal fees relating to the Administration period	(0.3)	(0.2)	(0.3)	(0.3)
Administrators' fees (time costs basis)	(1.3)	(1.3)	(1.3)	(1.3)
Liquidators' fees (time cost basis)	(0.3)	-	(0.8)	(0.8)
PMAG's share of RTFCs proceeds	(0.7)	-	(0.7)	(0.7)
Rent and service charges	(0.3)	-	(0.3)	(0.3)
Other costs	-	(6.4)	(0.5)	(6.8)
Corporation tax	-	(0.1)	(0.2)	(0.2)
Provision for further payment to PMAG's Lenders under PRTL's guarantee	-	(22.6)	-	-
	<u>(3.0)</u>	<u>(30.6)</u>	<u>(4.5)</u>	<u>(10.8)</u>
VAT recoverable	(0.1)	0.2	0.3	0.3
Funds in hand	<u>33.3</u>			
Available for unsecured creditors		<u>4.0</u>	<u>90.3</u>	<u>25.9</u>
<b>Expected level of unsecured claims</b>				
		per statement of affairs	per claims received / expected	
Trade creditors (including pension fund and HMRC)		75.8	96.1	
Intercompany claims included within trade creditors on the statement of affairs (not including PMAG)		8.2	8.0	
Employee claims*		-	0.7	
		<u>84</u>	<u>95</u>	
* employee claims were not detailed on the statement of affairs				
Upper dividend range			95 p in £	
Lower dividend range			27 p in £	

#### *Section 4: Receipts and payments account for the period 21 January 2013 to 20 January 2014 and illustrative final outcome statement*

Funds held as follows:

	expressed in millions	GBP value as at 20/01/14 £m
US\$ interest bearing current account	£0.2	0.1
US\$ non-interest bearing deposit account held with Lenders	\$8.0	4.9
GBP interest bearing current account	£0.4	0.4
GBP interest bearing investment accounts	£10.0	10.0
GBP non-interest bearing deposit account with Lenders	£18.0	18.0
		<u>33.3</u>

Exchange rates used for receipts and payments account as at	£ \$ = 1.64344
20 January 2014	£ € = 1.35658

Funds are held in multiple currencies depending on the currency the originating transaction was entered into. This will be the case until the issues surrounding PMAG and the Lenders are finalised. The funds currently held in US\$ will be subject to currency fluctuations if they are ultimately required to be transferred into GBP.

## *Section 5: Details of the Liquidators' remuneration and disbursements for the period 21 January 2013 to 20 January 2014*

### **Background**

This section sets out the process that was established for setting and monitoring the Liquidators' remuneration

### **Insolvency Rules 1986**

By way of context, the manner in which Liquidators' remuneration is determined and approved is set out in the Rules (4 127 to 4 131)

As you may recall, a creditors' committee has not been formed in respect of PRTL's insolvency

Therefore, in accordance with R4 127 of the Rules, the basis of the Liquidators fees will be the time costs basis previously approved by the creditors in respect of the former Joint Administrators' fees

### **Liquidators' charging policy**

The time charged to the Liquidation is by reference to the time properly given by the Liquidators and their staff in attending to matters arising

It is the Liquidators' policy to delegate tasks in the Liquidation to appropriate members of staff considering their level of experience and any 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 undertaken by senior staff or the Liquidators themselves.

### **Creditors' rights and guidance regarding Liquidators' fees**

A copy of the guidance available to creditors regarding Liquidators' fees can be found at

**[www.pwc.co.uk/petroplus](http://www.pwc.co.uk/petroplus)**

### **Narrative of key areas of work carried out for the period 21 January 2013 to 20 January 2014**

There remain a number of distinct work streams with responsibilities for various aspects of the Liquidation. It should be noted that individuals may have worked in more than one area. The activities of these work streams are summarised below.

### **Strategy, planning and team management**

- Setting and reviewing strategies and work stream structures
- Developing a claims agreement strategy
- Ongoing reviews of staffing requirements for the Liquidators' work streams
- Ongoing liaison with the work streams to agree tasks for staff members and monitoring their progress
- Reviewing and authorising critical correspondence and dealing with high level queries

### **Trading**

- Finalising trading issues from administration
- Supplier circular confirming administration trading debts paid
- Finalising outstanding issues with purchaser of the Storage Facility, including the last recharges under the sales agreement

### **Assets**

- Resolving remaining issues in order to recover final debts and conclude the debt collection process
- Recovery of final £250k from Commerzbank
- Dealing with issues regarding lease assignment for Storage Facility, including several extensions to licence to occupy
- Disclaimer of Petroplus House
- Sale of RTFC's and payment of 50% of net proceeds to PMAG

## *Section 5: Details of the Liquidators' remuneration and disbursements for the period 21 January 2013 to 20 January 2014*

### **Creditor claims / distributions**

- Dealing with queries from creditors
- Commence claims agreement process, including
  - entering details onto our claims agreement system,
  - reconciling received claims to directors' administration statement of affairs,
  - requesting explanations and supporting documentary evidence of claims received which differed significantly from the Company's records,
- admit 102 claims,
- arrange for the withdrawal of 36 claims,
- reconcile the claim submitted by PMAG in PRTL's Liquidation against the net claim PRTL submitted in PMAG's liquidation; and
- sending out 21 day letter to awaited claimants

### **Accounting and treasury**

- Closing the Administration bank accounts and opening the Liquidation bank accounts
- Ensuring closing transactions for the Administration were correctly reflected in the opening Receipts and Payments accounts for the Liquidation
- Processing various payments and receipts
- Completing regular bank reconciliations
- Treasury of funds and investment strategy

### **Statutory and compliance**

- Meeting the statutory obligations as prescribed by the Act and the Rules
- Finalising and issuing the former Joint Administrators' final progress report to creditors
- Actions relating to the former Joint Administrators discharge from liability hearing
- Responding to queries and requests from creditors
- Maintaining the Liquidators' case records
- Issuing formal notices following the appointment of the Liquidators

- Reviewing, distributing and responding to correspondence received by the Liquidators
- Maintaining and reviewing the time cost records for the Liquidation
- Formal registration of the CVL in EU countries
- CDDA submission completed and filed
- Updating the IOS
- Regular case reviews
- Dealing with the storage of aged pre-appointment Company records

### **VAT / Tax / Pensions**

Time included within this category includes the Liquidators' staff time for liaising with our specialist departments and by our specialist departments for undertaking the work

Our Tax, VAT and Pensions specialists have undertaken the following work:

#### **VAT**

- Completing VAT returns (initially on a monthly basis and now on a quarterly basis)
- Agreement of VAT position with HMRC including meetings to finalise VAT audit undertaken by HMRC
- VAT reconciliations relating to the extensive period of trading during the Administration
- Time specifically charged in relation to VAT matters by our VAT specialists totals 43 hours, at a cost of £30,407

#### **Corporation Tax**

- Assessment of the group relief position concerning PRML and PRTL
- Finalisation of the complex tax computations and return covering the former Joint Administrators' trading period
- Finalisation of the computations and return for the remaining period of the Administration
- Submission of the above
- Time specifically charged in relation to Corporation Tax matters totals 177 hours, at a cost of £44,614

## *Section 5: Details of the Liquidators' remuneration and disbursements for the period 21 January 2013 to 20 January 2014*

### **Pensions**

- Issuing statutory notices on the move from administration to CVL
- Ongoing liaison and communication with the Pension Scheme and the PPF, specifically in relation to whether the Pension Scheme would enter the PPF at the end of the assessment period
- Review of the Pensions Scheme's claim
- Time specifically charged in relation to pension matters by our pension specialists totals 16 hours, at a cost of £13,418

### **Other activities**

In addition to the time analysed in the following table, we have spent substantial time liaising with the Receiver, PMAG and the Lenders to seek a resolution of the guarantee issues and the recovery of funds held by the Lenders.

This time has not been included in the cost analysis at this stage but will be reported to creditors in due course when the outcome of the settlement is certain.

*Section 5: Details of the Liquidators' remuneration and disbursements for the period 21 January 2013 to 20 January 2014*

**Analysis of the Joint Liquidators' time costs by grade and work area from 21 January 2013 to 20 January 2014**

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	0.40	-	24.30	8.87	9.20	-	4.10	46.87	19,555.35	417.23
Administration	-	-	-	-	-	-	-	-	-	-
Trading	-	-	11.40	4.50	-	-	-	15.90	7,749.00	487.36
Assets	7.60	-	20.95	96.74	-	2.05	-	127.34	58,911.70	462.63
Creditor claims/distributions	1.10	-	28.10	5.55	103.15	146.20	-	306.10	88,570.60	289.35
Accounting and treasury	2.00	-	15.83	8.42	22.36	28.20	4.80	81.61	26,309.50	322.38
Liaison with Lenders	5.70	-	-	0.50	-	0.90	-	7.10	4,773.00	672.25
Statutory and compliance	3.00	-	57.53	82.90	12.60	8.90	3.80	168.73	74,610.00	442.19
Tax/VAT/Pensions	8.00	10.55	48.18	26.99	32.95	131.55	10.55	268.77	103,271.70	384.24
Employees	-	-	0.50	-	3.20	-	-	3.70	1,412.90	381.86
Pre-appointment work	-	-	-	-	-	-	-	-	-	-
Closure procedures	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>27.80</b>	<b>10.6</b>	<b>206.8</b>	<b>234.5</b>	<b>183.5</b>	<b>317.8</b>	<b>45.3</b>	<b>1,026.12</b>	<b>385,163.75</b>	<b>375.36</b>

**Current Charge out rates per hour**

- insolvency pre 30 June 2012	755.00	660.00	510.00	430.00	358.00	225.00	112.00
- insolvency post 1 July 2013	775.00	680.00	525.00	444.00	370.00	230.00	115.00
- specialist	1,180.00	1,085.00	915.00	545.00	440.00	230.00	120.00

**Petroplus Refining Teesside Limited (in Liquidation) - Joint Liquidators' first annual progress report.**



## **Section 5: Details of the Liquidators' remuneration and disbursements for the period 21 January 2013 to 20 January 2014**

### **Hourly rates**

In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. PricewaterhouseCoopers LLP, or any successor firm, reserves the right to change the rates and grade structures. Following the Liquidators' appointment the charge out rates were increased on 1 July 2013.

Set out below are the relevant maximum charge-out rates per hour worked for the grades of the Liquidators' staff actually involved on this assignment. All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time charged is three minutes (i.e. 0.5 units). There was no allocation of any general costs or overhead costs.

Specialist departments with the Liquidators' firm, such as Tax, VAT, Property and Pensions were also used where expert advice was required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour.

<b>Grade</b>	<b>Maximum rate per hour (21/01/13 to 30/06/13) (£)</b>	<b>Maximum rate per hour (01/07/13 to 20/01/14) (£)</b>	<b>Specialist maximum rate per hour (£)</b>
Partner	755	775	1,180
Director	660	680	1,085
Senior Manager	510	525	915
Manager	430	444	545
Senior Associate	358	370	440
Associate	225	230	230
Support staff	112	115	120

### **Disbursements for services provided by the Liquidators' own firm (Category 2 disbursements)**

The Liquidators' firm's expenses policy allows for all properly incurred expenses to be recharged to the case. Disbursements were charged to the assignment as follows:

<b>Photocopying</b>	At 4 pence per sheet copied, only charged for circulars to creditors and other bulk copying
<b>Mileage</b>	At a maximum of 67 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc)

**Section 5: Details of the Liquidators' remuneration and disbursements for the period 21 January 2013 to 20 January 2014**

The following disbursements (excluding VAT) have been incurred by the Liquidators' firm in the period 21 January 2013 to 20 January 2014

<b>Category 1:</b>	<b>£</b>	<b>Category 2:</b>	<b>£</b>
Travel	2 60	Mileage	75 28
Telephone	21 15	Printing	476 84
Companies House searches	3 00	<b>Total:</b>	<b>552.12</b>
Business research:	50 00		
Postage and couriers.	1,090 52		
Licence fees	20.85		
<b>Total:</b>	<b>1,188.12</b>		

**Summary of legal and other professional firms and subcontractors instructed in the period 21 January 2013 to 20 January 2014**

<b>Name of firm / organisation</b>	<b>Service provided</b>	<b>Reason selected</b>	<b>Basis of fees</b>	<b>Amount paid in period (£)</b>
SNR Denton LLP	Legal advice relating to the sale of the RTFCs, discharge from Administrators' liability, Court recognition of the CVL as the main proceedings and general case related matters	Insolvency expertise and industry knowledge	Time costs	60,965 54
Incasso LLP	Legal advice	Historical knowledge	Percentage of realisations	2 59
HL Legal Solicitors	Legal advice	Successor firm to Incasso LLP	Percentage of realisations	9.33
Connect Oil Limited	Brokerage fees for sale of RTFCs	Industry knowledge	Percentage of realisations	Total. 8,505 45 split 50:50 between PRTL and PMAG

The Liquidators require all third party professionals to submit either time cost analyses and narrative or other relevant information in support of invoices rendered. The Liquidators monitor time costs on an appropriate basis and require third party professionals to seek the approval of the Liquidators prior to undertaking work.

## Section 6: Statement of expenses incurred from 21 January 2013 to 20 January 2014

Rule 4.49C (5) and Rule 4.49B (1)(f) of the Rules requires the progress report to include a statement of expenses incurred by the Liquidators during the period of the report, irrespective of whether payment has been made or not. This relates to all costs incurred, and not just the Liquidators' disbursements. Such a summary of expenses is found below.

	Brought forward as unpaid from the administration	Paid in the period	Incurred in the period	Unpaid as at 20 January 2014
	£'m	£'m	£'m	£'m
Administrators' fees and expenses	1.3	(1.3)	-	-
Legal fees and expenses	0.3	(0.3)	-	-
Liquidators' fees	-	(0.3)	0.4	0.1
Legal fees and expenses	-	(0.1)	0.1	-
Rent and service charges	-	(0.3)	0.3	-
	<u>1.6</u>	<u>(2.3)</u>	<u>0.8</u>	<u>0.1</u>

## Section 7: Statutory information

### Statutory information

<b>Company:</b>	Petroplus Refining Teesside Limited
<b>Registered Number:</b>	00814156
<b>Registered address:</b>	Formerly Petroplus House, St Marks Court, Teesdale, Stockton on Tees, TS17 6QN Now Benson House, 33 Wellington Street, Leeds, LS1 4JP
<b>Type of Insolvency:</b>	Creditors' Voluntary Liquidation
<b>Date of Appointment:</b>	21 January 2013
<b>Appointees:</b>	Ian David Green and Steven Anthony Pearson
<b>Address:</b>	PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP
<b>Estimated dividend for unsecured creditors:</b>	Based on current IOS, between 27p and 95p in the£ (see body of the report for details)
<b>Estimated values of the prescribed part and the company's net property:</b>	For the reasons set out in this report, we are not in a position to determine the final value of the Company's net property. However, it is clear that amounts available for distribution to unsecured creditors under the Prescribed Part will be capped at the statutory maximum value of £600,000
<b>Whether and why the Liquidators intend to apply to court under Section 176A(5) of the Act to disapply the prescribed part:</b>	No
<b>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings applies to this liquidation and the proceedings are main proceedings

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