In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

AM10

Notice of administrator's progress report

Companies House

WEDNESDAY

L8BUUM7P
LD3 14/08/2019 #39
COMPANIES HOUSE

1 Company details

Company number	0 0 9 6 1 4 4 0
Company name in full	Arjo Wiggins Fine Papers Limited

→ Filling in this form
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s)	Geoffrey Paul
Surname	Rowley

3 Administrator's address

Building name/number	2nd Floor
Street	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

4 Administrator's name ❶

Full forename(s)	Thomas
Surname	MacLennan

❶ Other administrator
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	2nd Floor
Street	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

❷ Other administrator
Use this section to tell us about another administrator.

Continuation page
Name and address of insolvency practitioner

✓ What this form is for
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶
Use extra copies to tell us of additional insolvency practitioners.

X What this form is NOT for
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ Filling in this form
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:
- ☑ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)	Alexander Iain
Surname	Fraser

3 Insolvency practitioner's address

Building name/number	2nd Floor
Street	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

AM10
Notice of administrator's progress report

6 Period of progress report

From date	14	01	2019
To date	13	07	2019

7 Progress report

☑ I attach a copy of the progress report

8 Sign and date

Administrator's signature

Signature

X [signature] X

Signature date	13	08	2019

FRP Advisory

Arjo Wiggins Fine Papers Limited (in Administration) ("the Company")

The High Court of Justice No. 000313 of 2019

The Joint Administrators' Progress Report for the period 14 January 2019 to 13 July 2019 pursuant to Rule 18.3 of the Insolvency (England and Wales) Rules 2016

13 August 2019

Contents and abbreviations

FRP Advisory

Contents and abbreviations

The following abbreviations may be used in this report:

FRP Advisory	FRP Advisory LLP
The Company	Arjo Wiggins Fine Papers Limited (in Administration)
The Joint Administrators	Geoffrey Paul Rowley, Thomas Campbell MacLennan and Alexander Iain Fraser of FRP Advisory LLP
The Period	The reporting period from 14 January 2019 to 13 July 2019
The Proposals	The Joint Administrators' Proposals dated 6 March 2019
The Group	collectively the following entities:
AWFP	Arjo Wiggins Fine Papers (In Administration)
AWC	Arjowiggins Chartham Limited (In Administration)
AWS	Arjowiggins Sourcing Limited (In Administration)
AWUK	AW UK Holdings Limited (In Administration)
PP	Performance Papers Limited (In Administration)
Arjobex	Arjobex Limited t/a Polyart (In Administration)
Joint Administrators	
AWFP	Geoffrey Paul Rowley, Thomas Campbell MacLennan and Alexander Iain Fraser
AWC	Geoffrey Paul Rowley, Thomas Campbell MacLennan and Philp David Reynolds
AWS	Geoffrey Paul Rowley and Thomas Campbell MacLennan
AWUK	Geoffrey Paul Rowley and Thomas Campbell MacLennan
PP	Geoffrey Paul Rowley and Thomas Campbell MacLennan
Arjobex	Geoffrey Paul Rowley, Thomas Campbell MacLennan and Glynn Mummery
Weil	Weil, Gotshal and Manges LLP
AWPC	Arjowiggins Papier Couches SA
De Pardieu Brocas Maffei	De Pardieu Brocas Maffei A.A.R.P.I
Sauvegarde plan	Safeguard plan, a French Court supervised insolvency procedure
CVL	Creditors' Voluntary Liquidation
SIP	Statement of Insolvency Practice
QFCH	Qualifying floating charge holder
HMRC	HM Revenue & Customs

1. Progress of the Administration

Work undertaken during the Period

I attach at **Appendix C** a schedule of work undertaken during the Period together with a summary of work still to be completed.

Trading

Upon appointment, the Joint Administrators met with all staff at the earliest opportunity to advise them of the appointment and confirm the initial strategy of continuing to trade the business, in order to achieve a sale of the business and assets.

Subsequent meetings were held with management to understand the daily operations of the business and to obtain key customer and supplier lists. Both customers and suppliers were advised of the appointment and the Joint Administrators intention to continue trading the business.

Trading has continued under the management of the Joint Administrators for the period.

The Joint Administrators were made aware of the importance of maintaining a supply of pulp while the Company continued to trade. Prior to Administration AWFP purchased pulp on purchase and consignment basis from another group company although this arrangement could not continue following administration and the Joint Administrators made arrangements directly with pulp providers to secure continuity of supply.

All business suppliers who are required for trading have been contacted by the Joint Administrators to ensure continued supply and also to agree revised payment terms. In certain instances, the credit insurers of suppliers have insisted on additional charges being levied.

At the outset 83 suppliers who supplied goods prior to the appointment of the Joint Administrators but had not yet received payment, advised the Joint Administrators of their intention to claim retention of title ("ROT") over those goods. To date, 58 claims have been received, of which 51 have been agreed with the remaining claims either rejected or withdrawn. In addition, some creditors claimed liens over goods which were being transported to customers or held in the possession of the creditor. The Joint Administrators engaged with those creditors and negotiated the release of those goods where appropriate.

As detailed in the Proposals, AWFP had a factoring facility with BNP which funded invoices at 95% subject to various credit limits for specific locations or customers. Shortly after the appointment BNP froze the facility in order to consider their position. Following extensive discussions and meetings with BNP in Paris, new terms were agreed with BNP in order to allow the facility to continue albeit at reduced levels. AWFP agreed amended terms to retain the BNP facility and to limit exposure to the export sales to USA. The level of funding was reduced in line with BNP's perceived risk profile namely 90% on French sales, 85% on European non-French sales and 80% on certain agreed overseas customers.

The Joint Administrators have liaised with the key customers to keep them advised of the trading position to ensure their continued support.

The Company was loss making prior to Administration and trade losses for the period to 30 June 2019 are £1.58m. At the outset of the Administration it was anticipated that a sale of the Company would be achieved by April 2019 and would have restricted trading losses, however, the sale process has become protracted and in this regard further information is provided below. It remains the Joint Administrators opinion that the best outcome for the creditors of the Company would be achieved by a sale of the business and assets on a going concern basis as opposed to a managed wind down of the business and sale of assets on a break up basis.

AWFP participated in the EU Emissions Trading System ("EUETS") in respect of Carbon Dioxide emissions. Under the scheme yearly allowances are to be surrendered and it is a significant cost to AWFP. In 2018 AWFP brought forward the 2019 allowances. As a result, the cost to AWFP during the Administration to 30 June 2019 is estimated to be £720k. Having taken specialist environmental legal advice it was apparent that

1. Progress of the Administration

although the 2018 emissions liability predated our appointment it was likely to be regarded as having super priority above the expenses of the Administration. As such the decision was taken to settle the liability as a trading expense.

The 2019 allowances were insufficient to meet the 2018 obligation in full and therefore the cost to the Administration in March 2019 to acquire additional units was €614k (c£558k).

AWFP hold Climate Change Agreement with the Environment Agency and benefited from a reduction to the main rates of the Climate Change Levy. While the business continues to trade and is a company in financial difficulty, the Joint Administrators have been advised that any claim for discount with regard to CCL rates from 1 July 2019 could be classed as unlawful state aid and therefore the reduction is not being sought.

SQN as secured creditor have been fully appraised of the trading position throughout the period to include weekly updates and monthly reporting.

The final trading position will be provided in the next report to creditors.

Sale of the business

The Joint Administrators launched the marketing process of AWFP and AWC on 28 January 2019. A teaser document outlining the opportunity was circulated to approx. 300 individual entities who were listed on the FRP Advisory database as expressing an interest in similar opportunities previously.

A non-disclosure agreement was signed by 46 parties.

Those parties were then granted access to a data-room which included information pertaining to the financial performance, operational performance, commercial activities and tangible assets of AWFP, AWC and the overseas mills. Interested parties have been provided the opportunity to visit the site and meet with management.

Of the 46 parties that initially made contact, 13 parties placed indicative offers/expressions of interest for individual sites. A full breakdown of initial interest can be found in the Proposals. Six parties were interested in acquiring AWFP and AWC as part of a wider purchase of the Creative Paper division. One party was interested in the plant & machinery and heritable property for both AWFP and AWC.

The Joint Administrators accepted a bid from one party on 26 March 2019 and engaged in a due diligence process, with a view to completing a sale of the business and assets by the end of April 2019. In May 2019 it was clear that this party was unable to secure the necessary funding on terms acceptable to it in order to complete a sale. The Joint Administrators then reverted back to previously interested parties to explore whether there were any alternative parties who were in a position to complete a going concern sale.

In May 2019 the Group's previous management advised the Joint Administrators of their interest in purchasing the mills based at Aberdeen (AWFP) and Chartham (AWC). As negotiations pertaining to a management buyout are ongoing, further details will be provided in the next report to creditors.

Updates on the sale process have been provided to the employees and also to union representatives.

SQN as secured creditor have been fully appraised on the sale process throughout the period.

Creditors are advised that, by way of contingency planning, the Joint Administrators have also reverted back to parties who were interested in the property and moveable assets. Should the management buyout not complete for any reason, it is anticipated that the Joint Administrators would move towards a managed wind down of the mill and accelerate discussions with those parties.

Attached at **Appendix D** is a receipts and payments account detailing transactions for the Period.

1. Progress of the Administration

FRP Advisory

Investigations

Part of my duties include carrying out proportionate investigations into what assets the Company has, including any potential claims against directors or other parties, and what recoveries could be made. I have reviewed the Company's books and records and accounting information, requested further information from the directors, and invited creditors to provide information on any concerns they have regarding the way in which the Company's business has been conducted.

Further details of the conduct of my investigations are set out in the schedule of work attached. I can confirm that no further investigations or actions were required.

Extension to the initial period of appointment

An extension to the administration will be sought in due course either by an application to the court or to the secured and preferential creditors.

Anticipated exit strategy

It is currently estimated that there will be insufficient funds available to pay a dividend to unsecured creditors. Therefore, a notice will be sent to the Registrar of Companies in accordance with Paragraph 84 to the Schedule B1 to the Insolvency Act 1986 to bring the administration to an end and three months after the filing of the notice the Company will be deemed to be dissolved.

2. Estimated outcome for the creditors

The estimated outcome for creditors was set out in the Proposals.

Outcome for the secured creditors

AWFP granted fixed and floating charge security over its assets to SQN under the terms of the debenture created on 17 December 2015 and a Standard Security dated 30 December 2015. SQN principal indebtedness at the date of Administration was c.£15.2m.

Pending completion of the sale of the business and assets, or sale of assets on a managed wind down and break up basis, it is not yet clear as to whether SQN will be repaid in full or suffer a shortfall.

Outcome for the preferential creditors

It is currently estimated that preferential creditors total approx. £40k being pension contributions deducted from employee salaries in the period prior to Administration but not paid across to the pension scheme providers. It is anticipated that preferential creditors will receive repayment in full.

Outcome for the unsecured creditors

It is currently anticipated that there will not be sufficient funds available to make a distribution to unsecured creditors other than by way of a prescribed part, as detailed below.

Prescribed Part

The prescribed part is a carve out of funds available to the holder of a floating charge which is set aside for the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986. The prescribed part only applies where the floating charge was created after 15 September 2003 and the net property available to the floating charge holder exceeds £10k. In terms of section 176A of the Insolvency Act 1986 the value of the prescribed part shall not exceed £600k.

The net property in respect of the Company is not anticipated to be less than £10k and therefore the prescribed part will apply.

It is anticipated that the maximum of £600k will be available to unsecured creditors by way of prescribed part.

3. Joint Administrators' remuneration, disbursements, expenses and pre-appointment costs

Joint Administrators' remuneration

No resolution has been passed in respect of the Joint Administrators' remuneration for the Administration of the Company. The Joint Administrators will require the remuneration to be fixed in due course by the secured and preferential creditors.

Joint Administrators' disbursements

The Joint Administrators' disbursements are a recharge of actual costs incurred by the Joint Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP Advisory at the HMRC approved mileage rate prevailing at the time the mileage was incurred. Details of disbursements incurred during the Period are set out in **Appendix E**.

Joint Administrators' expenses

An estimate of the Joint Administrators' total expenses and expenses incurred during the period are set out at **Appendix E**.

Creditors have a right to request further information from the Joint Administrators and further have a right to challenge the Joint Administrators' remuneration and other expenses, which are first disclosed in this report, under the Insolvency (England and Wales) Rules 2016. For ease of reference these are the expenses incurred in the reporting period as set out in **Appendix E** only. Further details of these rights can be found in the Creditors' Guide to Fees which you can access using the following link https://creditors.frpadvisory.com/info.aspx and select the guide for administrations. Alternatively, a hard copy of the relevant guide will be sent to you on request. Please note there is a time limit for requesting information being 21 days following the receipt of this progress report. There is a time limit of eight weeks following the receipt of this report for a Court application that the remuneration or expenses are excessive.

Joint Administrators' pre-appointment costs

As there was no decision procedure completed for the Joint Administrators' pre-appointment costs of £219,811, they remain unpaid. The secured and preferential creditors will be required to approve the payment of these costs.

Appendix A

Statutory Information

ARJO WIGGINS FINE PAPERS LIMITED (IN ADMINISTRATION)

COMPANY INFORMATION:

Other trading names:	None
Company number:	00961440
Registered office:	2nd Floor, 110 Cannon Street, London EC4N 6EU
Previous registered office:	Eversheds House, 70 Great Bridgewater Street, Manchester M1 5ES
Business address:	Stoneywood Mill, Stoneywood Terrace, Aberdeen AB21 9AB

ADMINISTRATION DETAILS:

Joint Administrators:	Geoffrey Paul Rowley, Thomas Campbell MacLennan and Alexander Iain Fraser
Address of Joint Administrators:	FRP Advisory LLP, 2nd Floor, 110 Cannon Street, London EC4N 6EU
Date of appointment of Joint Administrators:	14 January 2019
Court in which administration proceedings were brought:	The High Court of Justice
Court reference number:	000313 of 2019
Appointor details:	The directors of the Company
Previous office holders, if any:	N/A
Extensions to the initial period of appointment:	N/A
Date of approval of Proposals:	25 March 2019

Appendix B

Form AM10 - formal notice of the Progress Report

In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

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 9 6 1 4 4 0
Company name in full	Arjo Wiggins Fine Papers Limited

→ Filling in this form
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s)	Geoffrey Paul
Surname	Rowley

3 Administrator's address

Building name/number	2nd Floor
Street	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

4 Administrator's name ●

Full forename(s)	Thomas
Surname	MacLennan

● Other administrator
Use this section to tell us about another administrator.

5 Administrator's address ●

Building name/number	2nd Floor
Street	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

● Other administrator
Use this section to tell us about another administrator.

04/17 Version 1.0

AM10
Notice of administrator's progress report

6 Period of progress report

From date	1 4 0 1 2 0 1 9
To date	1 3 0 7 2 0 1 9

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X [signature] X
Signature date	1 3 0 8 2 0 1 9

04/17 Version 1.0

Appendix B

Form AM10 - formal notice of the Progress Report

AM10
Notice of administrator's progress report

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: Geoffrey Paul Rowley
Company name: FRP Advisory LLP
Address: 2nd Floor
110 Cannon Street
Post town: London
County/Region:
Postcode: E C 4 N 6 E U
Country:
DX:
Telephone: 020 3005 4000

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

This form has been provided free of charge by Companies House. 04/17 Version 1.0

Continuation page
Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

You can use this continuation page with the following forms:
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- CVA1, CVA3, CVA4
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- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s): Alexander Iain
Surname: Fraser

3 Insolvency practitioner's address

Building name/number: 2nd Floor
Street: 110 Cannon Street
Post town: London
County/Region:
Postcode: E C 4 N 6 E U
Country:

04/17 Version 1.0

Appendix C

A schedule of work

The table below sets out a detailed summary of the work undertaken by the office holders during the Period together with an outline of work still to complete.

Where work undertaken results in the realisation of funds (from the sale of assets; enhanced recoveries and potentially a reduction in creditor claims if the business is sold following appointment; recoveries from successful actions taken against third parties), there may be a financial benefit to creditors should there be sufficient funds available to make a distribution to one or more class of creditor. In this case work undertaken will include the scrutiny and agreement of creditor claims.

A proportion of the work undertaken by an Insolvency Practitioner is required by statute, including ensuring the appointment is valid, notifications of the appointment to third parties, regular reporting on the progress, notifying statutory bodies where required in relation to the conduct of the directors, complying with relevant legislation and regulatory matters. This may not have a direct financial benefit to creditors but is substantially there to protect creditors and other stakeholders and ensuring they are kept informed of developments.

Note	Category		
1	**ADMINISTRATION AND PLANNING** **Work undertaken during the Period**		**ADMINISTRATION AND PLANNING** **Future work to be undertaken**
	General Matters		
	Completing necessary administrative work and updating case strategy as appropriate. Assisting with preparation of post appointment documentation and completing internal procedures. Continue progressing the case in accordance with internal and external procedures. Undertaking regular reviews of the physical and electronic files as required by the Joint Administrators' regulatory professional body ("RPB") to ensure all statutory matters are attended to and ensure the case is progressing. Collation of relevant information and records to ensure the objective of administration is achieved and storage thereof, as applicable, for the relevant required periods.		Continue to regularly review the conduct of the case and the case strategy and updating as required by the Joint Administrators' regulatory professional body ("RPB") to ensure all statutory matters are attended to and ensure the case is progressing. Progressing the case in accordance with internal and external procedures. Consider any ongoing liaison with third parties that may be required.

Appendix C

A schedule of work

	Regulatory Requirements		
	Regularly reviewing the cases as required by the RPBs to ensure all statutory matters are adhered to and that the case is being progressed in a timely manner. Completing the procedures and processes to ensure adherence to Money Laundering Regulations and any other regulations specific to the Company. Completion of take on procedures, which include consideration of professional and ethical matters and other legislation such as The Bribery Act and The Data Protection Act. Adhering to internal and regulatory protocols, as appropriate.		Continue to regularly review the case as required by the RPBs to ensure all statutory matters are adhered to and that the case is being progressed in a timely manner. Ongoing adherences to Money Laundering Regulations.
	Case Management Requirements		
	Continue to monitor and document any proposed changes of strategy and implementation thereof. Maintaining and developing the case specific paper and electronic files on behalf of the Joint Administrators, aside from other records pertaining to the Company directly. Continued adherence to internal procedures and external requirements. Setting up and administering the estate bank accounts for the purposes of the administration. Ensuring accounts are regularly reconciled to produce accurate reports to creditors, when required. Processing and recording all receipts and payments throughout the appointment on the Insolvency Practitioners System ("IPS") and providing internal and external reports as required. Continued updating and maintenance of records on the IPS system.		Continue to monitor and document any proposed changes of strategy and implementation thereof. Regularly reviewing the case as required by the RPBs to ensure all statutory matters are adhered to and the case is progressing. Maintaining and developing the case specific paper and electronic files on behalf of the Joint Administrators, aside from other records pertaining to the Companies directly. Continued adherence to internal procedures and external requirements. Administering bank accounts for the purposes of the administrations.

	Compiling a forecast of the work that has been or is anticipated will be undertaken throughout the duration of the administration, circulating this to creditors together with other such documentation as required to enable the relevant approving creditors to assess and vote on the fee basis proposed. Assisting the directors in producing the Companies' statement of affairs. Correspondence with accountants, bankers, insurers and solicitors and other advisers to request further information to assist in general enquiries. Ongoing liaison with HMRC to crystallise the Company's pre-appointment tax position and to achieve tax clearance for the period of the administration. Submission of ongoing returns as required. To receive final unsecured claims from HMRC and consider if any VAT bad debt relief claim need to be made or any other ancillary reliefs are available to the Company. Review insurances on a regular basis and to cancel or revise cover as appropriate.		Ensuring accounts are regularly reconciled to produce accurate reports to all creditors when required. Processing and recording all receipts and payments through the case management system.
2	**ASSET REALISATION** **Work undertaken during the Period**		**ASSET REALISATION** **Future work to be undertaken**
	Sweeping cash held by BNP upon appointment into estate accounts therefore realising immediate cash at bank. Requesting that customers expedite orders to accelerate sales during the trading period.		<u>Debtors</u> Continue to liaise with CCIM with regards to debtor realisations. Creditors will be advised of final realisations in future reports.

Appendix C

A schedule of work

	Review of the intercompany position to understand whether any funds were due to the respective entity that could be utilised upon appointment. <u>VAT</u> Realising a pre-appointment VAT refund. <u>Rebates</u> Internal discussions with management to understand whether there are rebates owed to the Company, rates or otherwise. Engaging CAPA to review the position. <u>Debtors</u> Review of customers Coface limits and requesting that customers who are over their agreed limit settle the balance. Engaging CCIM to review the debtor ledger and begin collecting the ledger on the Joint Administrators behalf. <u>Sale of the business and assets</u> Engaging Hilco Global to undertake an inventory and valuation of the plant and machinery on site. Engaging Savills to undertake a valuation of the freehold properties. Collating information on the Group and the business / assets available required by potential purchasers for due diligence purposes and populate a data room to allow remote access to this information. A teaser document was circulated to 300 parties, with 46 signing a non-disclosure agreement ("NDA") and 12 parties making offers. The breakdown of these offers is detailed earlier in the report.		<u>Sale of the business and assets</u> Continue liaising with the management buyout team and their advisors and providing assistance as appropriate. Should a going concern sale not complete, engage with parties interested in purchasing the assets on a break up basis and commence a managed wind of the business. <u>Rebates</u> Continue to engage with CAPA with regards to rebates.

	Arranging on site meetings for interested parties with respective management teams, to allow them access to the relevant sites to better understand the opportunities available. The Joint Administrators progressed a sale with one party with an expected sale date in April 2019. Due to funding difficulties this party was unable to complete a sale. The Group's previous management advised the Joint Administrators of their interest in purchasing the mills, based at Chartham (AWC) and Aberdeen (AWFP). As negotiations pertaining to a management buyout are ongoing, further details will be provided in the next report so not to prejudice a potential sale. Continuing to update SQN of the sale process. Preparation for alternative trading exit via a managed wind down of the business should a sale on a going concern basis not be achieved.		
3	**CREDITORS** **Work undertaken during the Period**		**CREDITORS** **Future work to be undertaken**
	Formally notifying creditors of the appointment and providing them a proof of debt form to formally lodge their claim in these proceedings. Reviewing proof of debts and logging them onto the IPS system. Continue to respond to creditor queries on an ad hoc basis and provide updates as appropriate. Ongoing liaison with HMRC to establish their claim and seeking tax advice to minimise claims and maximise returns to creditors where appropriate.		Continue to engage with creditors who intend to exercise their ROT rights. Resolve ongoing claims as applicable. To continue to liaise with creditors generally as applicable. Liaising with HMRC to establish their claim and any set-off against outstanding pre-appointment VAT repayments. Continue to log creditor claims on the IPS system.

	Engaging with the Pension Protection Fund with regards to their claim and associated pension matters. Dealing with ROT claims as and when appropriate. To date 58 claims have been received, with 51 claims being agreed. Engaging with creditors who exercised liens over goods in transit. Negotiating ransom payments and ensuring goods are released.		Compile and circulate reports in accordance with statute.
4	**INVESTIGATIONS** **Work undertaken during the Period**		**INVESTIGATIONS** **Future work to be undertaken**
	The Joint Administrators continued their investigations into the circumstances surrounding the insolvency of the Company and reviewed all information received. Questionnaires were issued to all directors who have held office three years preceding the formal insolvency of the Company. These have been completed and reviewed by the Joint Administrators. A confidential report on the conduct of the relevant directors of the Company was submitted to the Department of Business, Energy and Industrial Strategy. Based on the information provided the Joint Administrators do not believe that further investigations of the conduct of the directors are required.		Continue to monitor the position and should new information come light, this will be reviewed and if necessary, an updated report will be sent to the DBEIS.
5	**STATUTORY COMPLIANCE AND REPORTING** **Work undertaken during the Period**		**STATUTORY COMPLIANCE AND REPORTING** **Future work to be undertaken**
	Dealing with all appointment formalities including notification to relevant parties, filings with the Court, the Registrar of Companies and statutory advertising.		Continue to provide statutory reports to various stakeholder at regular intervals and manage any queries arising therefrom.

	Filing HR1 forms in accordance with statute. Preparing and circulating the Joint Administrators' Proposals to all creditors and convening a decision procedure. Filing the same with the Registrar of Companies. Arranging for an insolvency bond to protect the assets available to creditors. Notifying creditors of their rights to set up a creditors' committee. Dealing with tax and VAT matters arising following appointment. Obtaining creditor consent for the Joint Administrators' discharge from liability. Provided the statutory progress report to various stakeholders in the statutory timeframe. Copies of these reports were required to be filed with the Registrar of Companies. Maintained a record and forecast of the work that has been and is anticipated to be undertaken throughout the duration of the case.		When necessary, place legal advertisements as prescribed under the IA'86 which may include formal meetings of creditors and notice to submit claims, as applicable. Dealing with the exit from administration in respect of the Company to dissolution.
6	**TRADING** **Work undertaken during the Period**		**TRADING** **Future work to be undertaken**
	<u>On appointment</u> Adhered to FRP Advisory's internal protocols to obtain approval to continue to trade. The Joint Administrators' team attended the mills at Stoneywood, Chartham and the support office at Basingstoke. Initial meetings were held		<u>Employees</u> Continue to update employees / employee representatives on an ongoing basis. Ongoing liaison with the Union.

	with respective management teams to better understand the day-to-day operations. Setting up suitable control systems for the ordering of goods and instigating approval processes. Immediately liaising with the finance functions of the respective sites to assist the administration team in setting up and conducting initial cash flow forecasts. Meeting with the French Administrators in France to ensure ongoing cooperation between the Company and the French entities. Engaging with and meeting BNP in Paris to ensure the invoice discounting facility Formally notifying customers of the appointment and providing non-factored debtors with the estate account details. Liaising with JLT and providing all necessary information in order to ensure the correct policies are in place. <u>Employees</u> Conducting staff meetings, immediately upon appointment, to advise them of the appointment and initial strategy of the Joint Administrators. Engaging with the employee representatives and formally advise them of the appointment. Providing updates to all staff as to the progress of the sale process and responding to any queries as required. Understanding the payroll process across the Group and engaging with third party payroll companies as appropriate. Elements of the AWC payroll		Maintaining / reviewing a manufacture schedule to keep an oversight on present and future orders, as well as associated raw materials required. <u>Suppliers</u> Continue to provide supplier undertakings as appropriate. To withdraw all undertakings as soon as practicable once trading has ceased and requesting a final statement of account to ensure all invoices are settled. Liaising with utility companies and requesting amended invoiced to reflect the administration period. Ensuring purchase orders are reviewed and signed by a member of the administration team to ensure operational spending is monitored closely. Compiling and maintaining a trading schedule consisting of all purchase orders and invoices received. Maintaining paper files of the same and settling invoices within payment terms. Querying incorrect invoices and requesting further information as necessary. <u>General trade matters</u> Continue an onsite presence to oversee daily operations. Continue to engage with ROT creditors as required and resolve claims in a timely manner. Ensure health and safety matters are managed effectively during the trading period.

	was proceeded and paid for by AWFP and recharged to AWC. A monthly reconciliation of the intercompany position is prepared. As employees are paid two weeks in advance and two weeks in arrears in the middle of the respective month, the Joint Administrators' obtained the payroll report for January and agreed to settle the pension contributions, which had been deducted from employee salaries, for the first two weeks of January as an expense of the Administration. Obtaining and reviewing staff contracts and liaising with the HR function to understand contractual staff benefits, where applicable. Understanding if the Group utilise sub-contractors and if so understanding their requirements going forward. Compilation and submission of a claim to The Insolvency Service in respect of unpaid pensions. <u>Suppliers</u> Liaising with the financial function to understand what direct debits were held and liaising with these suppliers to ensure continuity of supply. The Joint Administrators were appraised of the importance of continued supply of various types of pulp. As detailed in the report, an agreement was reached allowing orders to be collected from ports in the UK, on a pro forma basis. Liaising with utility companies and requesting amended invoices to reflect the administration period. Advising the key supplier of gas of the appointment and agreeing continued supply of energy, as detailed in the report.		Ensure all environmental protection requirements continue to be met and continue to liaise with the Environment Agency as to the strategy for the site Continue to maintain ISO accreditations as necessary. Continue to closely monitor trading performance at the mill and keep the management information systems of the Company under review. Continue to do the work undertaken until completion of a sale as a going concern or wind down of the business.

	Requesting that a stock inventory is undertaken to assist with supplier / ROT queries. Liaising with various departments to obtain a list of suppliers who are required for initial trading period. Providing undertakings to maintain ongoing supply. Continued liaison with suppliers throughout the period to ensure their ongoing support across all aspects of the business. Making duress payments as appropriate. Adoption of purchase order system in order to maintain ongoing trade. Ensuring purchase orders are reviewed and signed by a member of the administration team to ensure operational spending is monitored closely. <u>General trade matters</u> The Joint Administrators and their team have and will continue to attend site on a daily basis to maintain and oversee operations. Review of trading and cash flow projections. Preparation of month end accounts. Having regard to the size and complexity of the trading business to include number of users, the AWFP accounting software and systems are being utilised for ongoing trade. The Joint Administrators staff have access to the system. Weekly payment runs are made to creditors who have provided credit terms and daily meetings take place to discuss priority same day payments to include critical suppliers insisting on a proforma invoicing basis. Understanding health and safety requirements and instructing JLT to attend site, and to submit a report to ensure matters are attended to.		

	Discussions with creditors who advised they hold retention of title ("ROT") over unpaid stock or goods and dealing with such claims accordingly.		
7	**LEGAL AND LITIGATION** **Work undertaken during the Period**		**LEGAL AND LITIGATION** **Future work to be undertaken**
	Upon appointment Weil were engaged by the Joint Administrators to provide legal advice as required during the administration. To date Weil have advised on, but not limited to, the following: <u>Upon appointment</u> The validity of the security held by SQN. The information provided by the financial departments of the Group, to understand the Group pension liabilities and the nature of the Group scheme. <u>Creditors</u> ROT claims that have been brought against the Company, as appropriate. <u>Customers</u> The customer correspondence to formally advise them of the appointment and the Joint Administrators strategy. The Coface credit insurance documentation held by the Group and the termination rights under these agreements. <u>Trading</u> Gas supply agreements with a major supplier.		Continue to obtain legal advice as required, in regard to various matters including, but not limited to: • Creditors • Trading / customer contracts • Matter pertaining to a sale of the business and assets Obtain legal advice with regards to employees if required. Continue to liaise with Burges Salmon LLP with regards to environmental matters.

Appendix C

A schedule of work

	Documentation / agreements with key suppliers requesting personal guarantees and advice obtained with regards to the Joint Administrators liability. Engaging Burges Salmon LLP to advise on environmental matters to ensure full compliance with the Environmental Agency. <u>Sale of the business and assets</u> The data room set up by the Joint Administrators' team and the documents that were included prior to circulating to interested parties. General matters pertaining the sale of the business and assets of the Group as a going concern as well as a sale on a break up basis. Engaged French lawyers, De Pardieu Brocas Maffei, to enable a more efficient process with regards to claiming outstanding debt from AWPC.		

Appendix D

Receipts and payments account for the Period

Arjo Wiggins Fine Papers Limited
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs £		From 14/01/2019 To 30/06/2019 £	From 14/01/2019 To 30/06/2019 £
	POST APPOINTMENT SALES		
	Sales	48,468,488.01	48,468,488.01
	Merchanted products	3,375,302.00	3,375,302.00
	Miscellaneous income	27,023.00	27,023.00
		51,870,813.01	51,870,813.01
	PURCHASES		
	Purchases	27,675,377.94	27,675,377.94
		(27,675,377.94)	(27,675,377.94)
	OTHER DIRECT COSTS		
	Subcontractors	493,423.00	493,423.00
	Direct selling expenses	1,723,778.00	1,723,778.00
		(2,217,201.00)	(2,217,201.00)
	TRADING EXPENDITURE		
	Manufacturing costs	6,258,521.00	6,258,521.00
	Maintenance costs	3,994,909.00	3,994,909.00
	Staff costs	1,202,964.00	1,202,964.00
	Energy	3,623,039.00	3,623,039.00
	Research & development costs	682,161.00	682,161.00
	Central & divisional costs	1,096,004.00	1,096,004.00
	Logistics	1,539,429.00	1,539,429.00
	Insurance	67,799.00	67,799.00
	Other operating costs	1,919,973.34	1,919,973.34
	Bank charges and interest	227,593.83	227,593.83
	Exchange rate gain/(loss)	335,841.68	335,841.68
	Other operating income	(78,723.30)	(78,723.30)
	Marketing costs	2,323,067.00	2,323,067.00
	Tax	19,555.00	19,555.00
	Rates	350,545.00	350,545.00
		(23,562,678.55)	(23,562,678.55)
	TRADING SURPLUS/(DEFICIT)	**(1,584,444.48)**	**(1,584,444.48)**

Appendix D

Receipts and payments account for the Period

Arjo Wiggins Fine Papers Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 14/01/2019 To 30/06/2019 £	From 14/01/2019 To 30/06/2019 £
	SECURED ASSETS		
2,500,000.00	Assets under SQN leases	NIL	NIL
202,941.76	Cash deposits with Lloyds	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
6,000,000.00	Stock	NIL	NIL
2,000,000.00	Assets under floating charge with SQN	NIL	NIL
5,582,000.00	Book debts	3,482,548.03	3,482,548.03
1,005,279.11	UK VAT refund	1,068,227.37	1,068,227.37
14,501.42	French TVA	NIL	NIL
2,493,123.99	Cash at bank	2,493,123.99	2,493,123.99
	Bank interest gross	353.95	353.95
	Trading Surplus/(Deficit)	(1,584,444.48)	(1,584,444.48)
		5,459,808.86	5,459,808.86
	COST OF REALISATIONS		
	Professional fees	72,809.74	72,809.74
	Agents/Valuers fees	18,353.64	18,353.64
	Legal fees	45,364.20	45,364.20
	Insurance	4,480.00	4,480.00
	Bank charges	116.12	116.12
		(141,123.70)	(141,123.70)
19,797,846.28		**5,318,685.16**	**5,318,685.16**
	REPRESENTED BY		
	ADM bank account - £		200,734.13
	ADM bank account - €		6,508.47
	ADM bank account - $		350.92
	Company bank account - £		185,051.88
	Company bank account - €		602,097.94
	Company bank account - $		244,940.80
	Vat Control Account		643,064.26
	Control - stock		2,182,914.28
	Control - book debts		6,369,818.63
	Control - trade creditors		(4,441,101.86)
	Control - employees		(675,694.29)
			5,318,685.16

Appendix E

Statement of expenses incurred in the Period

Arjo Wiggins Fine Papers Limited (In Administration)
Statement of expenses for the period ended 30/06/2019

Expenses	Total expenses incurred/accrued to date £	Estimated future expenses to closure of case £	Total anticipated expenses £
Trading			
Purchases	27,675,378	9,225,126	36,900,504
Subcontractors	493,423	164,474	657,897
Direct selling expenses	1,723,778	574,593	2,298,371
Manufacturing costs	6,258,521	2,086,174	8,344,695
Maintenance costs	3,994,909	1,331,636	5,326,545
Staff costs	1,202,964	400,988	1,603,952
Energy	3,623,039	1,207,680	4,830,719
Research & development costs	682,161	258,905	941,066
Central & divisional costs	1,096,004	426,802	1,522,806
Logistics	1,539,429	527,077	2,066,506
Insurance	67,779	22,593	90,372
Other operating costs	1,919,973	639,991	2,559,964
Bank charges and interest	227,594	75,865	303,459
Exhange rate gain/(loss)	335,842	111,947	447,789
Marketing costs	2,323,067	892,668	3,215,735
Tax	19,555	6,518	26,073
Rates	350,545	116,848	467,393
Costs of Administration			
Professional fees	72,810	25,000	97,810
Agents/Valuers fees	18,354	40,000	58,354
Legal fees	45,364	605,000	650,364
Insurance	4,480	195,000	199,480
Bank charges	116	100	216
Office Holders' remuneration (Time costs)	2,102,577	500,000	2,602,577
Office Holders' remuneration (Fixed Fee)	-	-	-
Office Holders' remuneration (Percentage)	-	-	-
Office Holders' disbursements	26,269	5,000	31,269
Total	**55,803,931**	**19,439,985**	**75,243,916**

AM10
Notice of administrator's progress report

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	Geoffrey Paul Rowley
Company name	FRP Advisory LLP
Address	2nd Floor
	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	
DX	
Telephone	020 3005 4000

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