

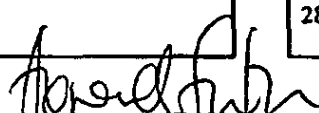
2.24B**Administrator's progress report**

Name of Company Linden Group Limited	Company number 02170634
In the High Court of Justice <small>[full name of court]</small>	Court case number 5733 of 2013

We
Howard Smith
KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX United Kingdom

Allan Watson Graham
8 Salisbury Square
London
EC4Y 8BB

Administrators of the above company attach a progress report for the period

from	to
30 August 2013	28 February 2014
Signed	 Joint Administrators
Dated	24 March 2014

Contact Details:

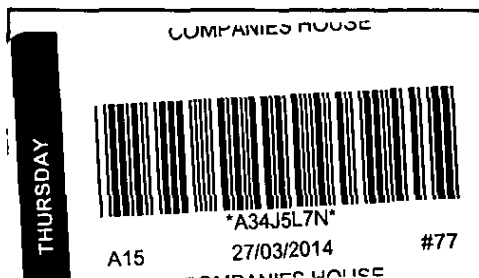
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Linda Robinson KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX United Kingdom DX Number DX 742280 Newcastle u Tyne 35		Tel DX Exchange
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When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff





**Linden Group Limited (in
administration) (“the Company”)**

**Progress Report for the
period 30 August 2013 to
28 February 2014 pursuant to
Rule 2.47 of the Insolvency
Rules 1986 (as amended)**

KPMG

24 March 2014

This report contains 10 pages and 7 appendices

HS/LH/LMR



Notice: About this Report

This Report has been prepared by Howard Smith and Allan Watson Graham, the Joint Administrators of Linden Group Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 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 Linden Group Limited.

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 1986 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.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association. Allan Watson Graham is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

The Joint Administrators act as agents for Linden Group Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



Glossary

Joint Administrators	Howard Smith of KPMG, 1 The Embankment, Neville Street, Leeds, LS1 4DW and Allan Watson Graham of KPMG, 8 Salisbury Square, London, EC4Y 8BB
Administration Order	The Administration Order granted by the Newcastle upon Tyne District Registry of the High Court Chancery Division, in respect of Linden Group Limited on 30 August 2013 Court Administration Order number 5733 of 2013
the Company	Linden Group Limited (Company registered number 02170634)
the Directors	John Edward Billany Carmel Margaret Billany
the Purchaser	Linden Hose and Adaptors Limited
IA 86	The Insolvency Act 1986
IR 86	The Insolvency Rules 1986 (as amended)
KPMG LLP	KPMG
Lloyds TSB Commercial Finance	Lloyds TSB Commercial Finance Limited
Edward Symmons	Edward Symmons LLP
Squire Sanders	Squire Sanders LLP
Sterling Corporate Finance	Sterling Corporate Finance LLP
Santander	Santander UK Plc
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
RPO	Redundancy Payments Office
Period	30 August 2013 to 28 February 2014

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Appendix 6: Schedule of expenses for the period 30 August 2013 to 28 February 2014

Appendix 7: Extract from the Insolvency Rules 1986



1 Executive Summary

- On 14 August 2013, the Company and Lloyds TSB Commercial Finance engaged KPMG to review the financial position of the Company and perform contingency planning. It was quickly established that the Company was insolvent. The sales ledger contained a number of material irregularities meaning administration was unavoidable.
- A sale of business was pursued by the Company who contacted several parties regarding the opportunity.
- The Directors resolved on 16 August 2013 to appoint Howard Smith and Allan Watson Graham of KPMG as Joint Administrators of the Company pursuant to Paragraph 22 of Schedule B1 of IA 86. On 30 August 2013 the Joint Administrators were duly appointed.
- A sale of the business and certain assets of the Company was completed shortly after the appointment of the Joint Administrators (see Section 2.2.1).
- The purpose of the administration, in accordance with Paragraph 3(1)(b) of IA 86 is; achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up. This has been achieved by successfully pursuing a sale of the Company's business and assets.
- We circulated our statement of proposals to all known creditors on 21 October 2013. They were deemed approved without modification on 5 November 2013.
- In accordance with Paragraph 100(2) of Schedule B1 of IA 86 the functions of the Joint Administrators may be exercised by any or all of them.
- Based on the expected level of realisations and the amounts owed to the secured lenders, it is highly unlikely that there will be sufficient funds available to allow a distribution to unsecured creditors.
- This Report covers the six month period from appointment to 28 February 2014 and has been prepared in accordance with Rule 2.47 of IR 86.
- Full details of the Joint Administrators' Report are attached, together with the relevant statutory information included by way of Appendices.
- This Report should be read in conjunction with our proposals which were issued to the Company's creditors on 21 October 2013 and unless stated otherwise, all amounts in this Report and appendices are stated net of VAT.

Howard Smith
Joint Administrator

2 Progress to date

2.1 Communication

The Joint Administrators wrote to all known creditors on 3 September 2013 advising them of their appointment.

The Joint Administrators' statement of proposals was circulated to all known creditors of the Company on 21 October 2013.

All known creditors of the Company were subsequently notified on 5 November 2013 that the proposals had been approved.

2.2 Strategy

2.2.1 Sale of business

Following the KPMG engagement on 14 August 2013, the Company contacted six parties regarding the opportunity to purchase the business and assets. The management group (excluding the current directors) also considered a management buyout and were assisted by Sterling Corporate Finance.

Detailed meetings and site visits were conducted by four parties. This resulted in one offer being received for the business and certain assets of the Company on 28 August 2013. For further details regarding this offer, please see below.

A decision was made to pursue this offer to completion.

Valuation

The Company instructed Edward Symmons to undertake a valuation of all of the Company's plant and machinery and update property valuations for the Company's freehold property.

Offer

On 28 August 2013 the Company received an offer for the business and certain assets in the sum of £115,000. Included in the offer was a requirement for an option to purchase the Company's freehold property within a three month period for consideration of £200,000. The offer is illustrated below, together with the valuations provided by Edward Symmons.

	Valuation (In-situ) £	Valuation (Ex-situ) £	Offer £
Stock	170,000	35,000	69,995
Equipment, fixtures and fittings	57,750	31,050	40,550
Motor Vehicles	4,850	4,450	4,450
Goodwill	-	-	1
Intellectual property	-	-	1
Work in progress	-	-	1
Customer Contracts	-	-	1
Company name	-	-	1
Total	232,600	70,500	115,000

The Joint Administrators concluded that this sale was in the best interests of the Company's creditors as it was the best offer that had been obtained following the Company's marketing period

We are not aware of any connection between the Purchaser and the Directors or shareholders of the Company. Linden Hose and Adaptors Limited is a new entity set up by a current director and shareholder of Universal Hose Limited trading as Hydraquip Hose and Hydraulics in order to purchase the business and certain assets of the Company.

The sale was completed on 30 August 2013, the sales consideration is included in the receipts and payments account appended to this report at Appendix 2.

As part of the sale agreement, a licence to occupy was entered into with the Purchaser for the Company's head office, a freehold property in Newton Aycliffe and a leasehold property in Hartlepool.

2.2 2 **Joint Administrators' actions since appointment**

Since 30 August 2013, the Joint Administrators have been engaged primarily in

- collection of the ongoing rent from the Purchaser and making corresponding payments under the licence to occupy,
- completing a sale of the freehold property in Newton Aycliffe,
- completing a surrender of the company's lease of the property in Hartlepool,
- making distributions to Santander as a secured creditor,
- assessing the merits of the professional negligence claim against the Company's auditors,
- conducting the statutory investigations into the conduct of the Directors and management of the Company, subsequently reporting to the Insolvency Service's

Intelligence & Enforcement Directorate pursuant to the Company Directors Disqualification Act 1986, and

- statutory reporting to creditors on the progress of the administration

2.3 Receipts

Realisations during the Period are set out in the attached receipts and payments account (Appendix 2). A summary of the most significant realisation during the Period is provided below.

2.3.1 Freehold Property

As detailed above, the sale of business and certain assets included an option to purchase the Company's freehold property in Newton Aycliffe. This option has been exercised and the sale of the freehold property for consideration of £200,000 was completed on 29 November 2013.

2.4 Payments

Payments during the Period are set out in the attached receipts and payments account (Appendix 2). Summaries of the most significant payments during the Period are provided below.

2.4.1 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

	Approved £	Total £
Squire Sanders fees	11,605	11,605
Edward Symmons fees	5,980	5,980
Total	17,585	17,585

On 8 November 2013 we obtained approval from the secured and preferential creditors to pay these pre-administration costs as an expense of the administration.

These costs have been paid during the Period.

2.4.2 Legal fees and disbursements

In addition to the pre-administration legal fees of £11,605, (see section 2.4.1), legal fees of £12,099 together with disbursements of £27 has been paid to Squire Sanders in respect of the following:

- validation of appointment and security,
- assistance with the sale of the freehold property,
- assistance with the surrender of the leasehold property, and
- advice on the general conduct of the administration

2.4.3 Wages and salaries

Salary costs of £2,530 have been paid during the period to 28 February 2014, relating to employment costs for the financial controller. The financial controller has assisted the Joint Administrators in securing the books and records of the Company and has also assisted with the preparation of the statement of affairs

3 Dividend prospects and dividends paid

3.1 Secured creditors

3.1.1 Lloyds Commercial Finance

Lloyds Commercial Finance provided the Company with invoice discounting facilities and has an assignment over the debtor ledger, which totalled £591,033 as at 30 August 2013. Lloyds Commercial Finance is collecting the book debts and was owed £7.6 million at the date of appointment.

Lloyds Commercial Finance also holds debenture security and a second ranking equitable fixed charge over the Company's freehold property.

Lloyds Commercial Finance will not recover its indebtedness in full.

3.1.2 Santander

Santander held a first ranking fixed charge over the freehold property. Following the sale of the freehold property a distribution of £95,931 was made to Santander fully discharging its indebtedness.

3.2 Preferential creditors

We estimate preferential claims to total £1,698. Based on current estimates it is unlikely that there will be a dividend to preferential creditors.

3.3 Unsecured creditors

The unsecured creditors of the Company per the directors' Statement of Affairs are £803,834.

Based on current estimates, it is highly unlikely that there will be a distribution to unsecured creditors

4 Joint Administrators remuneration and disbursements

4.1 Remuneration

An analysis of the office holders' time costs for the Period is attached at Appendix 3

The statutory provisions relating to remuneration are set out in Rule 2 106 of IR 86 (as amended) Further information is given in the Association of Business Recovery Professionals publication, A Creditor's Guide to Administrators fees, which can be found at

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov20111.pdf

However, if you are unable to access this guide and would like a copy, please contact Linda Robinson on 0191 401 3942

From the date of the Joint Administrators' appointment to 28 February 2014, the Joint Administrators and their staff have incurred time costs of £201,427 representing 490 hours at an average rate of £411 per hour This includes time spent by KPMG Pension, Receivables Realisation Group, Employee, Climate Change and Sustainability including Health and Safety, Tax and VAT specialists

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

During the Period the secured and preferential creditors have provided approval that

- the Joint Administrators will be authorised to draw fees on account from the assets of the Company from time to time during the period of administration based on time properly spent at KPMG charge out rates that reflect the complexity of the assignment, and
- that the costs of KPMG in respect of HSE, Pension, Tax, Receivables Realisation Group and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Company

During the Period we have not drawn any remuneration

During the Period, the secured and preferential creditors have also provided approval that the costs of KPMG Forensic be based upon time costs and shall be paid out of the assets of the Company. The Joint Administrators have engaged KPMG Forensic to investigate the potential claim for professional negligence of the Company's auditors. KPMG Forensic has provided an initial report to the Joint Administrators, £15,000 has been paid to KPMG Forensic in respect of this work.

4.2 Disbursements

The Joint Administrators have incurred disbursements of £602 in the period to 28 February 2014, a summary of these expenses is also included at Appendix 4.

During the Period the secured and preferential creditors have provided approval that the Joint Administrators will be authorised to draw disbursements from time to time to include category 2 disbursements.

During the period we have not drawn any disbursements.

5 Future conduct of the administration

5.1 Outstanding matters

It is proposed that the Joint Administrators will continue to manage the affairs of the Company in order to achieve the purpose of the administration. This will include, but is not limited to:

- further consideration of the potential claim against the Company's auditors for professional negligence,
- finalising the administration including payment of all administration liabilities,
- making distributions to creditors, if funds permit, and
- compliance with their statutory obligations.

Pursuant to Paragraph 76(1) of Schedule B1 to IA 86, the administration will automatically end on 29 August 2014 although it can be extended by application to the Court or creditors. In the event that the purpose of the administration cannot be completed by 29 August 2014, the Joint Administrators will either seek an extension of time to complete the administration or place the Company into other insolvency proceedings to enable any remaining issues to be resolved.

At this stage we anticipate that the most likely exit route will be dissolution.

5.2 Discharge from liability

The secured and preferential creditors have granted approval that the Joint Administrators be discharged from liability in respect of any actions as Joint Administrators, immediately upon their appointment as Joint Administrators ceasing to have effect

6 Comments on the Appendices

6.1 Receipts and payments (Appendix 2)

Please see section 2.3 and 2.4 for comments on the receipts and payments during the Period

6.2 Analysis of office holders' time costs (Appendix 3)

Further to the commentary regarding time costs provided in section 4.1 of this Report, significant time costs are brought to your attention below

6.2.1 Appointment and related formalities

Time costs of £24,027 (48) hours have been incurred in relation to all formal procedures surrounding the appointment of the Joint Administrators

6.2.2 Checklists & reviews

Time costs of £16,224 (43 hours) have been incurred reviewing the insolvency files to ensure compliance with statutory requirements

6.2.3 Strategy documents

Time costs of £10,837 (19 hours) have been incurred in developing and reviewing the strategy for the administration

6.2.4 Initial tax reviews

Time costs of £10,387 (19 hours) have been incurred in reviewing the corporation tax and VAT affairs of the Company

6.2.5 Statutory reporting

Time costs of £12,870 (39 hours) have been incurred in order to meet the Joint Administrators' statutory duty to report to creditors

6.2.6 Directors investigation

Time costs of £14,135 (46 hours) have been incurred in drafting and submitting the report on the conduct of the directors to Insolvency Service's Intelligence & Enforcement Directorate

Time costs of £11,290 (27 hours) have been incurred in reviewing the Company pre-appointment records, in order to prepare the above report to the Insolvency Service

6.2.7 Claims against third party advisors

Time costs of £15,855 (32 hours) have been incurred in assessing the potential professional negligence claim against the Company's auditors and providing information to the Joint Administrators' solicitors in respect of the claim. The claim has been considered alongside legal advice and the Joint Administrators have entered correspondence with the Company's auditors. Legal proceedings have not been issued at this stage.

6.3 Schedule of expenses (Appendix 6)

We have detailed the costs incurred during the Period, whether paid or unpaid, in the schedule of expenses attached.

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

6.3.1 Insurance

The Joint Administrators are in the process of settling the insurance premium. The insurance costs relating to the Period are accrued at Appendix 6.

6.3.2 Joint Administrators time costs

As discussed at section 4 above, the Joint Administrators have not drawn any remuneration during the Period. Joint Administrators fees and disbursements are accrued at Appendix 6.

Appendix 1 - Statutory information

Date of Incorporation	29 September 1987
Company number	02170634
Previous registered office	Unit 1, Leaside North Aycliffe Industrial Estate Newton Aycliffe County Durham DL5 6DU
Present registered office	c/o KPMG Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX
Trading addresses	Unit 1, Leaside North Aycliffe Industrial Estate Newton Aycliffe County Durham DL5 6DU
Called up share capital	110,550 Ordinary £1 shares
Members	J E Billany (56,100 ordinary shares) C M Billany (54,450 ordinary shares)
Directors	John Edward Billany Carmel Margaret Billany
Company Secretary	Carmel Margaret Billany
Employees	37
Previous name(s)	None
Prescribed Part	The Prescribed Part is applicable on this case It has been taken into account when calculating the dividend prospects for unsecured creditors (Section 3.3)

Estimated values of the Net Property and Prescribed Part	Estimated Net Property is nil Estimated Prescribed Part is nil
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>This is because it is anticipated that the Prescribed Part will be automatically disapplied given that the estimated Net Property is less than £10,000 and the costs of making a distribution are anticipated to be disproportionate to the benefits</p> <p>However, if the circumstances of the administration change, the Joint Administrators may apply to Court for the authority to make a distribution to the unsecured creditors, or if appropriate, to apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits</p>



Appendix 2 – Office holders’ receipts and payments account for the period 30 August 2013 to 28 February 2014

Linden Group Limited (In Administration) Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 30/08/2013 To 28/02/2014
FIXED CHARGE ASSETS	
200,000 Freehold property	200,000
5,000 Plant & machinery	NIL
528,840 Book debts	NIL
Goodwill	5
Bank interest, gross	150
Funds received under licence to occupy	3,000
	203,155
FIXED CHARGE COSTS	
Legal fees	15,971
Legal disbursements	27
Agents'/Valuers' fees	1,000
Bank charges	35
Forensic fees	15,000
	(32,033)
FIXED CHARGE CREDITORS	
(92,305) Santander Mortgage	95,931
(7,582,760) Lloyds Commercial Finance	NIL
(7,303) Fixed charge creditor (3)	NIL
	(95,931)
ASSET REALISATIONS	
3,000 Plant & machinery	40,550
1,000 Motor vehicles	4,450
100,000 Stock	69,995
	114,995
OTHER REALISATIONS	
Bank interest, gross	173
Sundry refunds	924
Funds received under licence to occupy	1,639
	2,736



Linden Group Limited in administration
Report to Creditors pursuant to Rule 2 47 of the Insolvency Rules 1986 (as amended)
24 March 2014

COST OF REALISATIONS		
	Funds paid under licence to occupy	1,639
	Agents'/Valuers' fees	4,850
	Agents'/Valuers' disbursements	130
	Legal fees	7,733
	IT and communications costs	745
	Re-direction of mail	195
	Other property expenses	15
	Wages & salaries	2,530
	Bank charges	9
		<hr/>
		(17,847)
PREFERENTIAL CREDITORS		
(2,266)	Employees' wage arrears	NIL
(3,505)	Employees' holiday pay	NIL
		<hr/>
		NIL
UNSECURED CREDITORS		
(463,831)	Trade & expense	NIL
(61,574)	Employees	NIL
(90,085)	Banks/Institutions	NIL
(170,560)	Corp tax etc/nonpref PAYE	NIL
(17,784)	Hire Purchases	NIL
		<hr/>
		NIL
DISTRIBUTIONS		
(110,550)	Ordinary shareholders	NIL
		<hr/>
		NIL
(7,764,683)		<hr/>
		175,075
REPRESENTED BY		
	Floating ch VAT rec'able	3,022
	Fixed charge current	75,161
	Floating charge current	99,914
	Fixed charge VAT rec'able	6,397
	Floating ch VAT payable	(328)
	Floating ch VAT control	(2,695)
	Fixed charge VAT control	(6,397)
		<hr/>
		175,075
		<hr/>



Linden Group Limited in administration
Report to Creditors pursuant to Rule 2 47 of the Insolvency Rules 1986 (as amended)
24 March 2014

Appendix 3 – Analysis of office holders’ time costs for the period 30 August 2013 to 28 February 2014

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)	1 20		7 40		8 60	£2,603 50	£302 73
Reconciliations (& IPS accounting reviews)			1 00		1 00	£265 00	£265 00
General							
Books and records		7 00	4 50		11 50	£5,842 50	£508 04
Fees and WIP	0 50			0 30	0 80	£278 50	£348 13
Statutory and compliance							
Appointment and related formalities	5 10	18 00	24 20	0 50	47 80	£24,026 50	£502 65
Bonding and bordereau			0 50	0 30	0 80	£272 50	£340 63
Checklist & reviews	3 50	15 70	23 30		42 50	£16,224 00	£381 74
Pre-appointment checks	0 20		17 50		17 70	£4,407 50	£249 01
Reports to debenture holders	9 10		9 50		18 60	£7,843 50	£421 69
Statutory receipts and payments accounts			0 30		0 30	£79 50	£265 00
Strategy documents	4 40	11 00	3 50		18 90	£10,837 00	£573 39
Tax							
Initial reviews - CT and VAT	1 00	18 10			19 10	£10,386 50	£543 80
Post appointment corporation tax		3 95			3 95	£2,195 25	£555 76
Post appointment VAT	0 70	10 40	7 90		19 00	£7,414 50	£390 24
Creditors							
Creditors and claims							
General correspondence	1 60		23 80		25 40	£9,016 00	£354 96
Notification of appointment		7 00			7 00	£4 445 00	£635 00
ROT Claims			1 50		1 50	£705 00	£470 00
Secured creditors		14 00	1 00		15 00	£5,655 00	£377 00
Statutory reports	3 60	19 00	16 75		39 35	£12,869 75	£327 06
Employees							
Correspondence			16 10		16 10	£6,469 50	£401 83
Pensions reviews			14 60		14 60	£3,148 50	£215 65
Investigation							
Directors							
D form drafting and submission	2 00	10 00	33 50		45 50	£14,135 00	£310 66
Directors' questionnaire / checklist	0 50		1 00		1 50	£507 50	£338 33
Statement of affairs			9 00		9 00	£4,230 00	£470 00
Investigations							
Claims against 3rd party advisors	4 50	27 50			32 00	£15,855 00	£495 47
Correspondence re investigations			2 00		2 00	£495 00	£247 50
Review of pre-appt transactions	2 00	13 50	11 50		27 00	£11,290 00	£418 15
Realisation of assets							
Asset Realisation							
Cash and investments			0 50		0 50	£235 00	£470 00
Debtors		5 00	1 00		6 00	£2,895 00	£482 50
Freehold property	1 60	6 50	0 50		8 60	£4,027 50	£468 31
Leasehold property	0 40	3 50	3 50		7 40	£2,856 50	£386 01
Open cover insurance			1 00		1 00	£470 00	£470 00
Other assets		12 00			12 00	£4,620 00	£385 00
Sale of business	1 50	3 00			4 50	£3,180 00	£706 67
Vehicles			3 50		3 50	£1,645 00	£470 00
Total in period					490 00	£201 426 50	£411 07

Appendix 4 - Joint Administrators' disbursements for the period 30 August 2013 to 28 February 2014

Expense	Amount (£)
Cover Schedule	250 00
Printing	139 00
Statutory advertising	101 52
Mileage tax-free	84 00
Meal / lunch allowance	27 69
Total	602.21

Category 1 disbursements These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements paid from the estate are disclosed within the attached summary of disbursements.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 40p 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 passengers an additional 5p per mile per passenger will also be charged where appropriate.



Appendix 5 – Joint Administrators’ charge out rates for the period 30 August 2013 to 28 February 2014

KPMG Restructuring team		
Grade	From 1 October 2012 £/hr	From 1 October 2013 £/hr
Partner	565	565
Associate Partner	485	485
Director	485	485
Senior Manager	450	475
Manager	365	385
Senior Administrator	250	265
Administrator	185	195
Support	115	120



Appendix 6 – Schedule of expenses for the period 30 August 2013 to 28 February 2014

SECTION	ACCOUNT	ACCRUED	PAID	TOTAL
FIXED CHARGE COSTS	Administrators' fees	-	19,883	19,883
	Legal fees	15,971	-	15,971
	Legal disbursements	27	-	27
	Agents'/Valuers' fees	1,000	-	1,000
	Bank charges	35	-	35
	Forensic Fees	15,000	-	15,000
	Insurance of assets	-	1,573	1,573
		32,033	21,456	53,489
COST OF REALISATIONS	Administrators' fees	-	181,544	181,544
	Administrators disbursements	-	602	602
	Agents'/Valuers' fees	4,850	-	4,850
	Agents'/Valuers' disbursements	130	-	130
	Legal fees	7,733	-	7,733
	IT and communications costs	745	-	745
	Re-direction of mail	195	-	195
	Other property expenses	15	-	15
	Wages & salaries	2,530	-	2,530
	Bank charges	9	-	9
	Insurance of assets	-	925	925
		16,207	183,071	199,278
TOTAL		48,240	204,527	252,767

Appendix 7: Extract of the Insolvency Rules 1986

Insolvency Rules 1986

2 48A Creditors' request for further information

(1) If- (a) within 21 days of receipt of a progress report under Rule 2 47-

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of **at least 5% in value** of the unsecured creditors (including the creditor in question), or

with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

The administrator complies with this paragraph by either—

(a) providing all of the information asked for, or

(b) so far as the administrator considers that—

(i) the time or cost of preparation of the information would be excessive, or

(ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or

(iii) the administrator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

(a) the giving by the administrator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

2 109 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of **at least 10% in value of the unsecured creditors** (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) An application may be made on the grounds that—

(a) the remuneration charged by the administrator,

(b) the basis fixed for the administrator's remuneration under Rule 2 106,

(c) expenses incurred by the administrator,

is or are in all the circumstances, excessive, or in the case of an application under subparagraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount,

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,



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(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.