

The Insolvency Act 1986

Administrator's progress report

Name of Company

Linden Group Limited

Company number

02170634

In the
High Court of Justice

[full name of court]

Court case number
5733 of 2013(a) Insert full name(s)
and address(es) of
administrator(s)~~I/We~~ (a)Howard Smith
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DWAllan Watson Graham
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

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


(b) Insert dates from

to

(b) 14 June 2014

(b) 13 December 2014

Signed



Joint Administrator

Dated

09 January 2015

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 742280 Newcastle u Tyne 35

Tel 0191 4013942

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

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COMPANIES HOUSE



**Linden Group Limited
(in administration)
("the Company")**

Progress Report for the period
14 June 2014 to 13 December
2014
pursuant to Rule 2.47 of the
Insolvency Rules 1986 (as
amended)

KPMG

9 January 2015

This report contains 8 pages and 6 appendices

HS/LF/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
IA 86	The Insolvency Act 1986
IR 86	The Insolvency Rules 1986 (as amended)
KPMG LLP	KPMG
Lloyds Commercial Finance	Lloyds TSB Commercial Finance Limited
Period	14 June 2014 to 13 December 2014



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1 **Executive Summary**

- 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 to IA 86. On 30 August 2013 the Joint Administrators were duly appointed.
- The purpose of the administration, in accordance with Paragraph 3(1)(b) of Schedule B1 to 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.
- 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 provides an update to creditors and will also provide the Court with the necessary information to consider an application to extend the administration for a further twelve months to 28 February 2016.
- This Report covers the period from 14 June 2014 to 13 December 2014 and has been prepared in accordance with Rule 2.47 of IR 86. It should be read in conjunction with our previous reports which were issued to the Company's creditors on 21 October 2013, 24 March 2014 and 2 July 2014.
- In accordance with Paragraph 100(2) of Schedule B1 to IA 86 the functions of the Joint Administrators may be exercised by any or all of them.
- 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.

All updates required by statute have been provided to the creditors of the Company. The most recent progress report was circulated on 2 July 2014.

2.2 Strategy

2.2.1 Sale of business

As previously reported, a sale of the business and certain assets of the Company was completed shortly after the appointment of the Joint Administrators.

Please refer to the Joint Administrators' previous reports for further information on these transactions.

2.2.2 Joint Administrators' actions since progress report to creditors

During the Period, the Joint Administrators have been engaged primarily in

- Investigating the Company's affairs and transactions which took place prior to our appointment, 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).

2.4 Payments

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



3 Dividend prospects

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.

As previously reported, a distribution of £95,931 has been made to Santander following the sale of the freehold property. This distribution fully discharged Santander's 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 Creditors Guide to Administrators fees, which can be found at

http://www.13.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 14 June 2014 to 13 December 2014 the Joint Administrators and their staff have incurred time costs of £34,760.25 representing 97.55 hours at an average rate of 356.33 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

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

The Joint Administrators have not drawn any fees during the Period

4.2 Disbursements

The Joint Administrators have not incurred any disbursements during the Period

No disbursements (previously incurred) have been drawn during the Period



5 Future conduct of the administration

5.1 Extension of the administration

In accordance with Paragraph 78(2) of Schedule B1 to IA86, the period of the administration has been previously extended to 28 February 2015, by consent of the Company's creditors

This report will be used to support an application to Court to further extend the period of the administration to 28 February 2016. This extension will allow the Joint Administrators to finalise the outstanding matters

5.2 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

- finalising asset realisations following our review of pre-appointment transactions,
- finalising the administration including payment of all administration liabilities, and
- making distributions to creditors, if funds permit

Should the Joint Administrators require a further extension in order to complete the matters detailed above, then it is advised that an application will be made to Court

If and when appropriate, the Joint Administrators will cease to act and seek to organise either the voluntary or compulsory winding up of the Company, the approval of a voluntary arrangement under Part 1 of IA86 or its dissolution from the Registrar of Companies, whichever is deemed appropriate

5.3 Discharge from liability

The Company's creditors have provided consent that the Joint Administrators be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies



6 Comments on the Appendices

6.1 Receipts and payments (Appendix 2)

6.1.1 Receipts

6.1.1.1 Unallocated funds

During the Period, the Joint Administrators have received a receipt of £3,000 direct into their bank account. The Joint Administrators are currently investigating the source of this receipt which was not anticipated.

6.1.1.2 Bank interest gross

Total interest of £217 has been received during the Period.

6.1.2 Payments

6.1.2.1 Insurance of assets

During the Period, £133 has been paid in respect of insuring the Company's assets.

6.1.2.2 Heat and light

During the Period a payment of £78 has been made in respect of electricity charges.

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 Review of pre-appointment transactions

Time costs of £5,182.50 (12.50 hours) have been incurred in relation to reviewing the Company records and pre-appointment transactions.

6.2.2 Post appointment corporation tax

Time costs of £7,703 (16.20 hours) have been incurred in dealing with issues arising with HM Revenue & Customs.

6.2.3 Statutory reporting

Time costs of £4,197 (11.80 hours) have been incurred in order to meet the Joint Administrators' statutory duty to report to creditors.

6.2.4 Secured creditors

Time costs of £2,671.50 (13.70 hours) have been incurred in reporting to and dealing with queries from the secured creditors of the Company.



6.3 Schedule of expenses (Appendix 5)

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

6.3.1 Joint Administrators fees

Fees incurred and not drawn have been accrued in the Period

6.3.2 Legal fees

The Joint Administrators have accrued legal fees incurred in the Period which have not been drawn



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)



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Estimated values of the Net Property and Prescribed Part	Estimated Net Property is nil Estimated Prescribed Part is nil
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Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply
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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

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



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Appendix 2 – Office holders' receipts and payments account for the period 14 June 2014 to 13 December 2014

Statement of Affairs	From 14/06/2014 To 13/12/2014	From 30/03/2013 To 13/12/2014
FIXED CHARGE ASSETS		
200 000 00	NIL	200 000 00
5 000 00	NIL	NIL
528 840 00	NIL	NIL
	NIL	5 00
	NIL	1,176 15
	169 14	435 20
	NIL	3 000 00
	169 14	204 616 35
FIXED CHARGE COSTS		
	NIL	7 500 00
	NIL	15 971 12
	NIL	26 57
	NIL	1 000 00
	2 65	43 15
	NIL	15 000 00
	NIL	1 572 51
	(2 65)	(41,115 35)
FIXED CHARGE CREDITORS		
(92,305 00)	NIL	95 931 33
(7,582 760 00)	NIL	NIL
(7,303 00)	NIL	NIL
	NIL	(95,931 33)
ASSET REALISATIONS		
3,000 00	NIL	40 550 00
1 000 00	NIL	4,450 00
100 000 00	NIL	69 005 00
	NIL	200 64
	NIL	375 00
	NIL	113,570 64
OTHER REALISATIONS		
	48 26	322 05
	NIL	923 82
	3 000 00	3,000 00
	NIL	2 929 92
	NIL	1 639 17
	3,043 26	8,814 96
COST OF REALISATIONS		
	NIL	1 639 17
	NIL	2,929 92
	NIL	80 000 00
	NIL	4 850 00
	NIL	129 88
	NIL	7 733 38
	NIL	745 00
	77 94	77 94
	NIL	195 00
	NIL	282 52



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Statement of Affairs:	From 14/06/2014 To 13/12/2014	From 30/03/2013 To 13/12/2014
Other property expenses	NIL	15.00
Insurance of assets	132.50	1,057.83
Wages & salaries	NIL	2,530.04
Bank charges	4.42	17.25
	<u>(214.36)</u>	<u>(101,207.98)</u>
PREFERENTIAL CREDITORS		
(2,266.00) Employees' wage arrears	NIL	NIL
(3,505.00) Employees' holiday pay	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
UNSECURED CREDITORS		
(463,831.00) Trade & expense	NIL	NIL
(61,574.00) Employee:	NIL	NIL
(90,085.00) Banks/Institutions	NIL	NIL
(170,150.00) Corp tax etc. nonpref PAYE	NIL	NIL
(17,784.00) Hire Purchases	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS		
(112,550.00) Ordinary shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
(7,764,683.00)	<u>1,999.39</u>	<u>89,754.31</u>
REPRESENTED BY		
Floating ch. VAT rec'able		10,022.40
Fixed charge current		67,571.69
Floating charge current		22,182.62
Fixed charge VAT rec'able		7,896.73
Floating ch. VAT payable		(327.86)
Floating ch. VAT control		(13,694.55)
Fixed charge VAT control		(7,896.73)
		<u><u>89,754.31</u></u>



Appendix 3 – Analysis of office holders’ time costs for the period 14 June 2014 to 13 December 2014

	Partner / Director	Manager	Administrator	Total hours	Time cost	Average hourly rate
Administration & planning						
Bankrupt/Director/Member						
Statutory reports			13.70	13.70	£2,671.50	£195.00
Cashiering						
General (Cashiering)	0.40		2.10	2.50	£696.00	£278.40
Reconciliations (& IPS accounting reviews)			0.60	0.60	£162.00	£270.00
General						
Books and records		1.00	4.25	5.25	£1,511.25	£287.86
Statutory and compliance						
Checklist & reviews			1.50	1.50	£292.50	£195.00
Pre-appointment checks			1.50	1.50	£397.50	£265.00
Statutory receipts and payments accounts			0.30	0.30	£79.50	£265.00
Strategy documents		6.00	1.00	7.00	£2,635.00	£376.43
Tax						
Post appointment corporation tax	0.50	15.70		16.20	£7,703.00	£475.49
Post appointment VAT		1.00	1.00	2.00	£580.00	£290.00
Creditors						
Creditors and claims						
General correspondence		0.50	2.40	2.90	£695.50	£239.83
Legal claims	5.00			5.00	£2,675.00	£535.00
Pre-appointment VAT / PAYE / CT		1.50		1.50	£577.50	£385.00
Secured creditors		0.50		0.50	£192.50	£385.00
Statutory reports	0.50	8.00	3.30	11.80	£4,197.00	£355.68
Investigation						
Directors						
D form drafting and submission			0.50	0.50	£97.50	£195.00
Investigations						
Correspondence re investigations		10.00	1.80	11.80	£4,222.00	£357.80
Review of pre-appt transactions	1.00	11.50		12.50	£5,182.50	£414.60
Realisation of assets						
Asset Realisation						
Leasehold property		0.50		0.50	£192.50	£385.00
Total in period				97.55	£34,760.25	£356.33

	Fees	Hours		
B/F	87,500.00	597.05	£190,790.75	£319.56
in the period	0.00	97.55	£34,760.25	£356.33
C/F	87,500.00	694.60	£225,551.00	£324.72



**Appendix 4 – Joint Administrators’ charge out rates for
the period 14 June 2014 to 13 December 2014**

KPMG Restructuring team		
Grade	From 1 October 2013 £/hr	From 1 October 2014 £/hr
Partner	565	595
Associate Partner	485	535
Director	485	535
Senior Manager	475	485
Manager	385	405
Senior Administrator	265	280
Administrator	195	205
Support	120	125



Appendix 5 – Schedule of expenses for the period 14 June 2014 to 13 December 2014

SECTION	ACCOUNT	ACCRUED	PAID	TOTAL
FIXED CHARGE COSTS	Administrators' fees	-	-	-
	Bank charges	-	3	3
		-	3	3
COST OF REALISATIONS	Administrators' fees	34,760	-	34,760
	Legal fees	4,600	-	4,600
	Insurance of assets	-	133	133
	Heat & Light	-	78	78
	Bank charges	-	4	4
		39,360	215	39,575
TOTAL		39,360	218	39,578



Appendix 6: 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