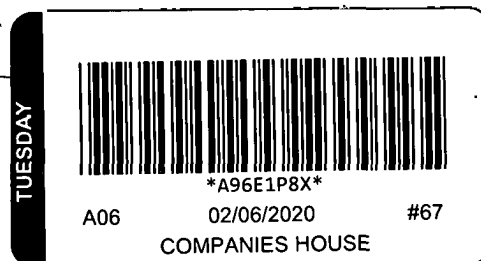


CVA3

Notice of supervisor's progress report in voluntary arrangement



Companies House



1	Company details	→ Filling in this form Please complete in typescript or in bold black capitals.
Company number	0 2 5 4 8 3 1 2	
Company name in full	Plexus Cotton Limited	
2	Supervisor's name	
Full forename(s)	David James	
Surname	Costley-Wood	
3	Supervisor's address	
Building name/number	1 St Peter's Square	
Street		
Post town	Manchester	
County/Region		
Postcode	M 2 3 A E	
Country		
4	Supervisor's name ^①	① Other supervisor Use this section to tell us about another supervisor.
Full forename(s)	Paul Nicholas	
Surname	Dumbell	
5	Supervisor's address ^②	② Other supervisor Use this section to tell us about another supervisor.
Building name/number	1 St Peter's Square	
Street		
Post town	Manchester	
County/Region		
Postcode	M 2 3 A E	
Country		

CVA3

Notice of supervisor's progress report in voluntary arrangement

6 Date of voluntary arrangement

Date

d	0	d	4	m	0	m	5	y	2	y	0	y	1	y	7
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

7 Period of progress report

Date from

d	0	d	4	m	0	m	5	y	2	y	0	y	1	y	9
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Date to

d	0	d	3	m	0	m	5	y	2	y	0	y	2	y	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

8 Progress report

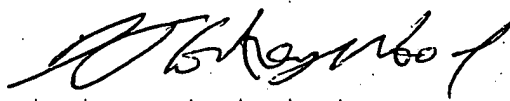
☒ I attach a copy of the progress report

9 Sign and date

Supervisor's signature

Signature

X



X

Signature date

d	2	d	8	m	0	m	5	y	2	y	0	y	2	y	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

CVA3

Notice of supervisor's progress report in voluntary arrangement



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 **Clare McCain**

Company name **KPMG LLP**

Address **Quayside House**

110 Quayside

Post town **Newcastle upon Tyne**

County/Region

Postcode **N E 1 3 D X**

Country

DX

Telephone **Tel +44 (0) 191 401 3867**



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 and dated 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



Supervisors' Annual Progress Report 4 May 2019 to 3 May 2020

Plexus Cotton Limited –
under a Voluntary
Arrangement

Glossary

The Act

Insolvency Act 1986 as amended

The Company

Plexus Cotton Limited under a Voluntary Arrangement, a company incorporated in England and Wales (Company number 02548312).

CVA/Arrangement

Company Voluntary Arrangement between the Company and its CVA Creditors under the Act on the terms set out in the Proposals as modified and varied.

CVA Creditors' Fund

Fund set up by the Supervisors to receive payments from the Company under the terms of the CVA.

Directors

Nicholas Earlam, Peter Egli, Johannah Fischer and Nicholas Penn, the directors of the Company as at the date of issuance of the report.

Effective Date

The date of the Creditors' and Shareholders' Meeting, 4 May 2017.

Proposal

Proposals of the Directors for the CVA (comprising the terms of the CVA) of the Company.

Statement of Affairs

Summary of the Directors' statement of affairs in respect of the Company.

The Joint Supervisors/Supervisors/we/our/us

David Costley-Wood and Paul Dumbell both of KPMG LLP, 1 St. Peter's Square, Manchester, M2 3AE.

Unsecured Creditor

Each creditor to whom the Company owes an ordinary unsecured liability other than an excluded creditor or subordinated creditor.

Contents

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In the High Court of Justice

Case No. 2911 of 2017

Chancery Division

High Court of Justice Chancery Division -
Companies Court

In the matter of Plexus Cotton Limited (the
'Company')

and in the matter of the Insolvency Act 1986

We attach as Appendix 1 a copy of the Supervisors' annual summary of receipts and payments in the above Voluntary Arrangement for the period 4 May 2019 to 3 May 2020 (the 'Period') and we report as follows:

1 Receipts

Realisations during the Period are set out in the attached receipts and payments account (Appendix 1). Summaries of the realisations during the Period are provided below.

1.1 Contribution Payments

We have received \$34,966 from the Company being historic debtor recoveries net of collection costs. The current total level of contributions into the CVA Creditors' Fund is \$1,134,673.

2 Payments

2.1 Legal fees and disbursements

Fees of \$2,365 have been paid to Pinsent Masons LLP for assistance provided in relation to the agreement of unsecured creditor claims.

2.2 Creditor payments

During the Period, equalising dividends totalling \$9,449 were paid to all remaining creditors with agreed claims not in receipt of the first dividend. Also in the Period, previously made dividend payments totalling \$26,813, which had not been cashed, were reversed resulting in a net distribution credit of \$17,364.

3 Progress of the Arrangement

3.1 Creditors' Committee

The Company continues to meet its obligations to produce quarterly business updates to the Creditors' Committee.

3.2 Unsecured creditors

Creditors' claims have been agreed at \$21,144,007 of which \$5,514,359 is subordinated and ineligible for participation in CVA distributions. All claims have been finalised with the exception of one creditor whose claim is potentially partially secured by funds held in escrow. That element of the creditor's claim (being \$217,177) has been held pending the outcome of legal proceedings.

On the assumption that the Company is able to make the maximum contributions of \$13.75 million, the total return to creditors from the CVA will be approximately 84c in the \$ depending on the level of CVA costs.

4 Supervisors' Remuneration

In accordance with the terms of the proposal the Joint Supervisors' remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Arrangement.

Attached at Appendix 2 is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out in the Period (as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No.9) together with details of expenses incurred to date.

In the Period the Joint Supervisors incurred time costs of £51,969, representing 130 hours at an average rate of £400 per hour. This includes tax, VAT and pensions advice from KPMG LLP in-house specialists. Expenses of £351 were also incurred, shown at Appendix 3.

The time spent on the matters listed above has been principally recorded under the headings 'Appointment and Related Formalities' and 'Committees' in the breakdown of time costs shown at Appendix 3.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. However, 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 Supervisor's cumulative time costs at the end of the Period were £252,131. Fees and expenses of \$132,777 (£100,000) and \$997 (£751), respectively, were paid to the Joint Supervisors following approval of the creditors obtained by way of a creditor's decision procedure held on 6 December 2018. No fees have been drawn since that date.

We are now seeking approval to draw further fees of £145,000 on account of the Supervisors' time costs incurred in the second and third years of the arrangement together with outstanding disbursements of £355.76 (which includes £4.50 incurred in the second year of the CVA). This approval is required under clause 11.6 of the CVA proposal document ("the Proposal") which was added by creditors as a modification and read as follows:

"The Supervisors shall not draw fees without the prior approval of creditors. The Supervisors will have the power to apply to Court under the mechanism set out in rule 18.28 of the Rules in the event that agreement between the Supervisors and creditors cannot be reached".

By way of reminder, the CVA Proposal estimated that the total fees to be paid to the Supervisors would be £250,000 plus outlays. We have more or less reached this figure within the first three years of what was anticipated at the onset to be a four year process. However, as reported last year, the CVA was substantially varied a year ago and, at the same time, a Creditors' Committee was formed.

The process by which these changes were incorporated into the CVA proposal, the formation of the Committee and subsequent reporting procedures have resulted in additional costs being incurred which were not foreseen at the date our original estimate was provided. This additional work includes:

- Meetings held with the Directors to discuss the variations required to extend the CVA;
- Drafting the proposed replacement clauses required to give effect to the proposed variations;
- Liaising with our legal advisors on the effectiveness of the draft variations;
- Preparing an additional report to creditors seeking approval for the proposed variations;
- Correspondence and conversations with key creditors in relation to the proposed variations;
- Managing the process set out in the regulations to allow creditors to vote on the variations;
- Completing the required formalities in connection with the establishment of the Creditors' Committee;
- Convening and holding committee meetings by telephone; and
- Managing the process by which quarterly management information reports are prepared and forwarded to the Creditors' Committee.

A notice is attached setting out the approvals required. Please send your completed forms by post to the above address or by email to plexuscva@kpmg.co.uk by 30 June 2020.

A creditors' guide to fees can be found at:

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Voluntary_Arrangement_Fees_Nov2011.pdf

However, if you are unable to access this guide and would like a copy then please contact Clare McCain on 0191 4013867.

5 Future conduct of the Arrangement

The Company's obligations to make contributions from earnings will continue until the earliest of the sixth anniversary of the Effective Date or the date on which aggregate payments into the CVA Creditors' Fund total \$13.75 million

The CVA will be concluded as soon as reasonably practicable after the Company's obligations to make payments from earnings has ceased. It is expected that the CVA will

come to an end on 30 September 2023 or earlier if the CVA is fully implemented before that date.

The Joint Supervisors will continue to perform their duties as set out in the Proposals. This will include, but is not limited to making further distributions to creditors, reporting to the Creditors' Committee and any other functions which it may be necessary or expedient for the Supervisors to undertake in connection with the implementation of the Arrangement.

If you have any further queries in relation to the above please direct them to Clare McCain on 0191 4013867

Signed



Dated

28 May 2020

David James Costley-Wood

Joint Supervisor

Appendix 1 Receipts and payments account for the period 4 May 2019 to 3 May 2020

Plexus Cotton Limited - under a Voluntary Arrangement		
Abstract of receipts & payments (US\$ account)		
Statement of affairs (\$)	From 04/05/2019 To 03/05/2020 (\$)	From 04/05/2017 To 03/05/2020 (\$)
OTHER REALISATIONS		
CVA Creditor Funds	34,965.71	1,134,673.23
	<u>34,965.71</u>	<u>1,134,673.23</u>
COST OF REALISATIONS		
Supervisors' fees	Nil	(132,776.76)
Supervisors' expenses	Nil	(997.15)
Legal fees	(2,364.99)	(19,565.59)
Legal disbursements	Nil	(91.45)
Bank charges	Nil	(26.42)
	<u>(2,354.99)</u>	<u>(153,457.37)</u>
UNSECURED CREDITORS		
Trade & expense	17,363.74	(598,377.83)
	<u>17,363.74</u>	<u>(598,377.83)</u>
	<u>49,974.46</u>	<u>382,838.03</u>
REPRESENTED BY		
Input VAT incurred		3,893.30
Bank		<u>378,944.73</u>
		<u>382,838.03</u>

Plexus Cotton Limited - under a Voluntary Arrangement

Abstract of receipts & payments (GBP account)

Statement of affairs (£)	From 04/05/2019 To 03/05/2020 (£)	From 04/05/2017 To 03/05/2020 (£)
OTHER REALISATIONS		
Bank interest, gross	0.06	18.55
	<u>0.06</u>	<u>18.55</u>
UNSECURED CREDITORS		
Trade & expense	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
	<u>0.06</u>	<u>18.55</u>
REPRESENTED BY		
Floating charge current		18.55
		<u>18.55</u>

Appendix 2 Time cost analysis and charge out rates for the period from 4 May 2019 to 3 May 2020

Narrative of work carried out for the period 4 May 2019 to 3 May 2020

The key areas of work have been:

Administration & planning	<ul style="list-style-type: none"> ■ Maintaining regular dialogue with the Company's directors in relation to CVA related issues
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments; ■ arranging payments in accordance with creditor instructions.
Statutory and compliance	<ul style="list-style-type: none"> ■ Refreshing client acceptance procedures
Strategy documents, checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the CVA strategy, and meetings with internal and external parties to agree the same; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Creditors and claims	<ul style="list-style-type: none"> ■ requesting detailed quarterly MI from the Company and subsequently reporting to the Creditor's Committee; ■ arranging and chairing meetings of the Creditors' Committee, requesting further information from the Company on behalf of the Committee and responding to queries from Committee members; ■ responding to enquiries from creditors regarding the CVA; ■ finalising the agreement of creditor claims; ■ declaring equalizing dividends; ■ drafting and circulating our annual progress report.

Time costs

SIP 9 –Time costs analysis (04/05/2019 to 03/05/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Company correspondence			
General correspondence	14.70	8,011.50	545.00
Cashiering			
General (Cashiering)	18.10	4,806.50	265.55
Reconciliations (& IPS accounting reviews)	2.10	799.40	380.67
Statutory and compliance			
Appointment and related formalities (client continuance)	0.70	298.00	425.71
Checklist & reviews	10.40	3,775.00	362.98
Strategy documents	4.10	2,636.00	642.93
Tax			
VAT inputs	0.70	217.00	310.00
Creditors			
Committees			
Meetings	13.32	5,119.00	384.31
Reports	26.40	10,955.00	414.96
Creditors and claims			
Agreement of unsecured claims	0.80	315.50	394.38
General correspondence	8.30	3,287.00	396.02
Payment of dividends	6.30	1,977.00	313.81
Statutory reports	23.94	9,772.15	408.23
Total in period	129.86	51,969.05	400.19
Brought forward time (appointment date to SIP 9 period start date)	518.39	200,162.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	129.86	51,969.05	
Carry forward time (appointment date to SIP 9 period end date)	648.25	252,131.05	

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

All time shown in the above analysis is charged in units of six minutes.

Charge-out rates (£) for: Restructuring		
Grade	From 01 Jan 2019 £/hr	From 01 Jan 2020 £/hr
Partner	655	690
Director	590	620
Associate director	535	560
Manager	445	467
Senior Administrator	310	325
Administrator	225	236
Support	140	147

Appendix 3 Disbursements for the period from 4 May 2019 to 3 May 2020

The Joint Supervisors have incurred the following disbursements during the Period.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Postage		7.56		Nil	7.56
Travel & sustenance		343.70		NIL	343.70
Total		351.26		NIL	351.26

KPMG Restructuring Policy for the recovery of disbursements

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

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 Supervisors or their staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not 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.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage. Mileage claims fall into three categories:

- use of privately-owned vehicle or car cash alternative – 45 pence per mile;
- use of company car – 60 pence per mile; and
- use of Partner's car – 60 pence per mile.

For all of the above car types, when carrying passengers an additional 5 pence per mile per passenger will also be charged where appropriate.

Any disbursements to be paid from the estate are disclosed within the summary of disbursements above.

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