

AM10

Notice of administrator's progress report



Companies House

SATURDAY



A17 11/11/2017 #462
COMPANIES HOUSE

1 Company details

Company number 0 2 8 7 3 9 3 3

Company name in full Langtree Homes Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Paul Nicholas

Surname Dumbell

3 Administrator's address

Building name/number 1 St Peter's Square

Street Manchester

Post town M2 3AE

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s) David James

Surname Costley-Wood

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 St Peter's Square

Street Manchester

Post town M2 3AE

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 1	^d 8	^m 0	^m 4	^y 2	^y 0	^y 1	^y 7
To date	^d 1	^d 7	^m 1	^m 0	^y 2	^y 0	^y 1	^y 7

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	^d 0	^d 9	^m 1	^m 1	^y 2	^y 0	^y 1	^y 7
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**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	Greg Clifford
Company name	KPMG LLP
Address	1 St Peter's Square Manchester
Post town	M2 3AE
County/Region	
Postcode	
Country	
DX	
Telephone	Tel +44 (0) 161 246 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.

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This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Joint
Administrators'
progress
report for the
period 18 April
2017 to 17
October 2017

Langtree Homes Limited - in
Administration

9 November 2017

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

A glossary of the abbreviations used throughout this document is attached (Appendix 5).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+LDC19A3337.html>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 6).

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1 Executive summary

- This progress report covers the Period from 18 April 2017 to 17 October 2017 (the "Period").
- During the Period, we have continued to progress the sale of the Company's only remaining assets, which are the freehold and leasehold reversionary interests at Old Chester Road, 56 North Promenade, Petticoat Lane and Radecllyffe Street (Section 2 - Progress to date).
- On 19 May 2017, the Section 5 notice period expired for the flats at Old Chester Road and 56 North Promenade. There have been no offers from the long leaseholders (Section 2 – Progress to date).
- At the date of our appointment, approximately £1,013,000 was owed to HSBC Bank Plc (the "Bank"). To date, distributions totalling £410,806 have been made to the Bank. No further distributions have been made during the Period. Given the level of realisations, we do not expect the bank to recover its indebtedness in full. (Section 3 - Dividend prospects).
- It is not anticipated that there will be sufficient realisations to enable a distribution to preferential creditors (Section 3 - Dividend prospects).
- It is not anticipated that there will be sufficient realisations to enable a distribution to unsecured creditors (Section 3 - Dividend prospects).
- During the Period, the Court granted a six month extension to the period of the administration. The administration is now due to end on 17 January 2018, however due to the delays in relation to the sale of the property interests it is highly likely that an application to Court for a further extension will need to be sought.
- Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+LDC19A3337.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Paul Dumbell
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

Freehold reversionary interests

The Company's only remaining assets are the freehold reversionary interests at Old Chester Road, 56 North Promenade and Radecllyffe Street.

In accordance with Section 5 of the Landlord and Tenant Act 1987, we were required to provide the long leaseholders of the flats with two months' notice of any proposed sale, to provide them with the opportunity of acquiring the freehold to their properties.

As stated in our previous report, notices were therefore served on the tenants of the flats located at Old Chester Road and 56 North Promenade. The Section 5 notice period subsequently expired on 19 May 2017, with no offers received from any long leaseholders at these developments.

However, following further investigation, Irwin Mitchell LLP (our "Solicitors") and Lambert Smith Hampton Limited (our "Agents"), have identified that the Company may actually hold a long leasehold interest in 56 North Promenade, not a freehold reversionary interest.

Prior to completing any sale, we are looking to clarify this situation and are currently investigating whether the Company has any interest or rights associated with this particular property. *Until we have resolved this matter, we will be unable to sell the Company's remaining assets, as it was proposed that they are to be bundled and sold in one package, in order to achieve the highest selling price.*

We are exploring all options in relation to the sale of these remaining assets and are consulting with the Bank as secured creditor.

Retentions

At the date of our appointment, there were three debtor accounts owing retention monies to the Company. We have not previously reported on these, as there was limited information available to us regarding the debts. This has made collection challenging, as we have been reliant on the individual debtors to be cooperative and to provide us with information.

We considered that only one account had any prospect of collection and this related to a development at 3-19 The Rocklands, Prenton. We understood that retention monies of £27,000 were held by the customer. However, as part of the original sales contract, the customer was able to withhold the retention monies until such time that the defects liability period had expired and until the local authority had adopted the roads at the development.

The defects liability period expired in August 2014 and the Council finally adopted the roads at the site in January 2017, meaning payment of these retention monies is now due.

A number of defects were identified following the sale of the development to the customer however no additional works were required on the roads at the site. Ultimately, the defects cost a total of £3,263 to rectify, which leaves £23,637 in retentions payable to the Company.

We expect to collect these funds in the near future and will report on their receipt in our next progress report.

Extension

During the Period, the court granted a six month extension to the period of the administration. Following this extension, the new automatic end date of the administration is 17 January 2018.

Should we be unable to clarify the situation regarding 56 North Promenade prior to the new end date, as would appear likely, we will look to make a further application to Court to extend the administration. If a further extension to the administration is required, we will notify creditors of this before the 17 January 2018.

2.2 Asset realisations

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

Summaries of the most significant realisations during the Period are provided below.

Insurance recharge

A total of £4,161 was received in the Period from the management company of the Old Chester Road development, MKDP Properties Limited. The receipt relates to the provision of public liability insurance cover at this development, which had been paid by the Company.

MKDP Properties subsequently recharged the payment made by the Company to the residents at the development, via their service charge, and reimbursed the Company in the Period.

Ground Rents

A total of £186 in ground rent has been received in the Period.

Bank Interest

A total of £73 in bank interest has been received in the Period.

2.3 Costs

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

Summaries of the most significant payments made during the Period are provided below.

Property Costs

A total of £1,400 in property costs have been paid in the Period. These costs relate to the maintenance and cleaning of the Company's sundry land portfolio, of which several plots had become overgrown.

Legal fees and disbursements

A total of £550 has been paid to SAS Daniels LLP in the Period, for their assistance provided in extending the period of the administration.

2.4 Schedule of expenses

We have detailed the costs incurred during the Period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

3 Dividend prospects

3.1 Secured creditors

The Bank holds a debenture comprising fixed and floating charges over the Company and its assets, which was registered at Companies House on 4 May 2011.

At the date of our appointment, a total of approximately £1,013,000 was outstanding to the Bank. To date, distributions totalling £410,806 have been made to the Bank, with no distributions made in the Period.

While we expect to make further distributions to the Bank, we do not anticipate the Bank recovering its indebtedness in full.

3.2 Preferential creditors

Based on current estimates, it is highly unlikely that there will be a dividend to preferential creditors.

3.3 Unsecured creditors

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

4 Joint Administrators' remuneration and disbursements

4.1 Joint Administrators' remuneration and disbursements

Time costs

From 18 April 2017 to 17 October 2017, we have incurred time costs of £37,042. These represent 107 hours at an average rate of £347 per hour.

Disbursements

During the Period, we have incurred and paid disbursements of £32.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 18 April 2017 to 17 October 2017. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- finalising the sale of the Company's remaining properties;
- receiving the retention monies now due to the Company;
- making final distributions to the Bank, in accordance with its security; and
- settling all outstanding costs and progressing the case towards closure.

5.2 Extension of the administration

During the Period the Court granted a six month extension to the period of the administration.

The administration is now currently due to end on 17 January 2018. However, as stated above it is likely that we will need to make a further application to Court to extend the administration beyond this date.

5.3 Future reporting

If all outstanding matters are finalised then we will provide our final progress report by 17 January 2018.

However, as appears likely, should we be unable to clarify the situation regarding 56 North Promenade prior to the administration's end date, we will look to make a further application to Court to extend the administration.

If a further extension to the administration is required, we will notify creditors of this before the 17 January 2018.

Appendix 1 Statutory information

Company information

Company name	Langtree Homes Limited
Date of incorporation	22 November 1993
Company registration number	02873933
Present registered office	KPMG LLP, 1 St Peter's Square, Manchester, M2 3AE

Administration information

Administration appointment	<i>The administration appointment granted in High Court Manchester District Registry, 4362 of 2013</i>
Appointor	Directors
Date of appointment	18 December 2013
Joint Administrators' details	Paul Dumbell and David Costley-Wood
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	17 January 2018

Appendix 2 Joint Administrators' receipts and payments account

Langtree Homes Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 18/04/2017 To 17/10/2017 (£)	From 18/12/2013 To 17/10/2017 (£)
FIXED CHARGE ASSETS			
500,000.00	Freehold property - Eden Gardens	NIL	360,000.00
160,000.00	Leasehold property - Bishops Court	NIL	115,000.00
300,000.00	Leasehold property - Dickens Court	NIL	225,000.00
	Bank interest, gross	72.95	876.01
	Insurance recharge	4,160.60	8,432.85
	Sundry receipts	NIL	30.00
		4,233.55	709,338.86
FIXED CHARGE COSTS			
	Administrators' fees	NIL	(56,000.00)
	Legal fees	NIL	(28,695.00)
	Legal Disbursements	NIL	(738.80)
	Agents'/Valuers' fees	NIL	(18,246.16)
	Agents'/Valuers' disbursements	NIL	(200.00)
	Bank charges	NIL	(80.00)
	Property Costs	(1,400.00)	(39,367.14)
	Irrecoverable VAT	NIL	(611.36)
		(1,400.00)	(143,938.46)
FIXED CHARGE CREDITORS			
(973,000.00)	Fixed charge creditor	NIL	(410,806.00)
		NIL	(410,806.00)
ASSET REALISATIONS			
	Shipping containers	NIL	200.00
	Building materials	NIL	50.00
	Ground Rents	186.00	4,401.15
	Rent	NIL	5,150.00
	Insurance refund	NIL	1,085.98
		186.00	10,887.13
OTHER REALISATIONS			
	Bank interest, gross	0.28	34.49
	Sundry refunds	NIL	240.00
		0.28	274.49
COST OF REALISATIONS			
	Agents'/Valuers' fees	NIL	(17.75)
	Agents'/Valuers' disbursements	NIL	(891.44)

Langtree Homes Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 18/04/2017 To 17/10/2017 (£)	From 18/12/2013 To 17/10/2017 (£)
	Legal fees	(500.00)	(3,500.00)
	Legal disbursements	(50.00)	(901.00)
	Bank charges	NIL	(20.00)
	Irrecoverable VAT	NIL	(267.67)
		<u>(550.00)</u>	<u>(5,597.86)</u>
PREFERENTIAL CREDITORS			
(3,987.00)	Employees' wage arrears	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(16,987.00)</u>		<u>2,469.83</u>	<u>160,158.16</u>
REPRESENTED BY			
	Floating ch. VAT rec'able		776.60
	Fixed charge current		149,400.40
	Floating charge current		5,275.76
	Fixed charge VAT rec'able		19,289.98
	Fixed charge VAT payable		(72,006.00)
	Floating ch. VAT payable		(12.00)
	Floating ch. VAT control		(476.60)
	Fixed charge VAT control		57,910.02
			<u>160,158.16</u>

Appendix 3 Schedule of expenses

Schedule of expenses (18/04/2017 to 17/10/2017)			
Expenses (£)	Incurring and paid in the Period (£)	Incurring in the Period not yet paid (£)	Total (£)
Administrators' fees	0.00	37,041.50	37,041.50
Property Costs	1,400.00	0.00	1,400.00
Legal fees	500.00	14,648.00	15,148.00
Legal disbursements	50.00	1,569.85	1,619.85
TOTAL	1,950.00	53,259.35	55,209.35

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Greg Clifford at KPMG LLP, 1 St Peter's Square, Manchester, M2 3AE.

Appendix 4 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Greg Clifford on 0113 2313084.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

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

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

Table of charge-out rates

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders 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 to both 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.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p 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 KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements (excluding VAT) during the period 18 April 2017 to 17 October 2017.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
External printing	5.48		NIL		5.48
Postage	26.75		NIL		26.75
Total	32.23		NIL		32.23

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Narrative of work carried out for the period 18 April 2017 to 17 October 2017

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none">■ posting information on a dedicated web page;■ preparing statutory receipts and payments accounts;■ complying with statutory requirements;■ obtaining approval from the Bank to a six month extension of the administration;■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents,	<ul style="list-style-type: none">■ monitoring and reviewing the administration strategy;■ briefing of our staff on the administration strategy and matters in relation to various work-

Checklist and reviews	<ul style="list-style-type: none"> streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ <i>allocating and managing staff/case resourcing and budgeting exercises and reviews;</i> ■ liaising with our Solicitors regarding the various instructions; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of the Bank regarding the progress of the administration and case strategy.
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.
Tax	<ul style="list-style-type: none"> ■ reviewing the Company's corporation tax and VAT position; ■ working on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ dealing with post appointment tax compliance.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9.
Asset realisations	<ul style="list-style-type: none"> ■ liaising with debtors regarding the release of retention monies.
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's freehold and leasehold land portfolio and progressing the sale of the freehold reversionary interests and long leasehold interest.
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's portfolio of sundry land.
Creditors and claims	<ul style="list-style-type: none"> ■ responding to enquiries from creditors regarding the administration; ■ drafting our progress report.

Time costs

SIP 9 –Time costs analysis (18/04/2017 to 17/10/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Bankrupt/Director/Member			
Statutory reports	0.50	212.50	425.00
Cashiering			
General (Cashiering)	5.50	1,230.50	223.73
Reconciliations (& IPS accounting reviews)	0.30	64.50	215.00
Statutory and compliance			
Appointment and related formalities	9.90	2,233.50	225.61
Checklist & reviews	6.65	3,068.50	461.43
Reports to debenture holders	10.70	2,510.50	234.63
Statutory receipts and payments accounts	3.80	1,852.00	487.37
Strategy documents	7.35	3,909.00	531.84
Tax			
Post appointment corporation tax	16.40	6,092.00	371.46
Post appointment VAT	0.70	297.50	425.00
Creditors			
Creditors and claims			
General correspondence	0.20	43.00	215.00
Statutory reports	9.50	2,462.50	259.21
Realisation of assets			
Asset Realisation			
Debtors	3.40	731.00	215.00
Freehold property	30.60	12,076.50	394.66
Insurance	1.20	258.00	215.00
Total in Period	106.70	37,041.50	347.16
Brought forward time (appointment date to SIP 9 Period start date)	1,310.60	385,954.50	
SIP 9 Period time (SIP 9 Period start date to SIP 9 Period end date)	106.70	37,041.50	
Carry forward time (appointment date to SIP 9 Period end date)	1,417.30	422,996.00	

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.

Appendix 5 Glossary

Agents	Lambert Smith Hampton Limited
Bank	HSBC Bank Plc
Company	Langtree Homes Limited - in Administration
Joint Administrators/we/our/us	Paul Dumbell and David Costley-Wood
KPMG	KPMG LLP
Period	18 April 2017 to 17 October 2017
Secured creditor	HSBC Bank Plc
Solicitors	Irwin Mitchell LLP

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 6 Notice: About this report

This report has been prepared by Paul Dumbell and David Costley-Wood, the Joint Administrators of Langtree Homes Limited – in Administration (the 'Company'), 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 the Company.

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.

Paul Nicholas Dumbell and David James Costley-Wood are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company 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.

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