

# AM22

## Notice of move from administration to creditors' voluntary liquidation



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number 0 3 5 1 7 1 8 3

Company name in full Kaiam Europe Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Court details

Court name High Court of Justice

Court case number 0 1 1 1 2 5 - 2 0 1 8

### 3 Administrator's name

Full forename(s) Alistair

Surname McAlinden

### 4 Administrator's address

Building name/number 319

Street St Vincent Street

Post town Glasgow

County/Region

Postcode G 2 5 A S

Country

# AM22

Notice of move from administration to creditors' voluntary liquidation

<b>5</b>	<b>Administrator's name ①</b>	
Full forename(s)	Blair Carnegie	<b>① Other administrator</b> Use this section to tell us about another administrator.
Surname	Nimmo	

<b>6</b>	<b>Administrator's address ②</b>	
Building name/number	319	<b>② Other administrator</b> Use this section to tell us about another administrator.
Street	St Vincent Street	
Post town	Glasgow	
County/Region		
Postcode	G 2 5 A S	
Country		

<b>7</b>	<b>Appointor/applicant's name</b>	
	Give the name of the person who made the appointment or the administration application.	
Full forename(s)	Directors of the Company	
Surname		

<b>8</b>	<b>Proposed liquidator's name</b>	
Full forename(s)	Alistair	
Surname	McAlinden	
Insolvency practitioner number	2 1 9 5 0	

<b>9</b>	<b>Proposed liquidator's address</b>	
Building name/number	319	
Street	St Vincent Street	
Post town	Glasgow	
County/Region		
Postcode	G 2 5 A S	
Country		

AM22

Notice of move from administration to creditors' voluntary liquidation

**10** Proposed liquidator's name<sup>①</sup>

Full forename(s)

Blair Carnegie

Surname

Nimmo

Insolvency practitioner  
number

8 2 0 8

**① Other liquidator**Use this section to tell us about  
another liquidator.**11** Proposed liquidator's address<sup>②</sup>

Building name/number

319

Street

St Vincent Street

Post town

Glasgow

County/Region

Postcode

G 2 5 A S

Country

**② Other liquidator**Use this section to tell us about  
another liquidator.**12** Period of progress report

From date

d	2	d	1	m	0	m	6	y	2	y	0	y	2	y	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

To date

d	2	d	0	m	1	m	1	y	2	y	0	y	2	y	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

**13** Final progress report☒ I have attached a copy of the final progress report.**14** Sign and dateAdministrator's  
signature

Signature

X



X

Signature date

d	1	d	0	m	1	m	2	y	2	y	0	y	2	y	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

**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 Rachel McCrorie

Company name KPMG LLP

Address 319 St Vincent Street

Post town Glasgow

County/Region

Postcode G 2 5 A S

Country

DX

Telephone Tel +44 (0) 141 226 5511

**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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**



# Joint Administrators' final progress report for the period 21 June 2020 to 20 November 2020

Kaiam Europe Limited - in  
Administration

10 December 2020

Deemed delivered: 10  
December 2020

# Notice to creditors

This progress report provides a final update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since our previous progress report.

We have also explained the exit route from the administration and the outcome for each class of creditors.

You will find other important information in the document such as the costs we have incurred.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

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+KIC19E0401.html>. We hope this is helpful to you.

**Please also note that an important legal notice about this report is attached (Appendix 7).**

# Contents

<b>1</b>	<b>Executive summary</b>	<b>2</b>
<b>2</b>	<b>Progress to date</b>	<b>3</b>
<b>3</b>	<b>Outcome for creditors</b>	<b>6</b>
<b>4</b>	<b>Other matters</b>	<b>7</b>
<b>5</b>	<b>Joint Administrators' remuneration and disbursements</b>	<b>8</b>
<b>6</b>	<b>Conclusion of the administration</b>	<b>10</b>
<b>Appendix 1</b>	<b>Statutory information</b>	<b>11</b>
<b>Appendix 2</b>	<b>Joint Administrators' receipts and payments account</b>	<b>12</b>
<b>Appendix 3</b>	<b>Schedule of expenses</b>	<b>15</b>
<b>Appendix 4</b>	<b>Joint Administrators' charging and disbursements policy</b>	<b>16</b>
<b>Appendix 5</b>	<b>Summary of Joint Administrators' proposals</b>	<b>20</b>
<b>Appendix 6</b>	<b>Glossary</b>	<b>22</b>
<b>Appendix 7</b>	<b>Notice: About this report</b>	<b>23</b>

# 1 Executive summary

This final progress report covers the period from 21 June 2020 to 20 November 2020.

Our efforts during the period have continued to focus upon seeking to realise the Company's assets for the benefit of creditors. (Section 2 - Progress to date).

As the majority of key commercial and statutory matters have now been completed, we intend to convert the Administration into a Creditors' Voluntary Liquidation ("CVL") to facilitate dividends to preferential and unsecured creditors. (Section 2 - Progress to date).

We are not aware of any secured creditors of the Company. (Section 3 – Outcome for creditors).

We anticipate that preferential creditors should receive full repayment of their claims. (Section 3 – Outcome for creditors).

We anticipate that there will be sufficient funds to enable a distribution to unsecured creditors and have commenced the process of adjudicating upon the unsecured creditors' claims. (Section 3 – Outcome for creditors).

The Administration was due to end on 20 December 2020. We have filed a copy of this final progress report with the Registrar of Companies, together with the requisite notices to place the Company into Creditors' Voluntary Liquidation. We will cease to act as Joint Administrators on the date these documents are registered by the Registrar of Companies. (Section 6 – Conclusion of administration).

Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors. <http://www.insolvency-kpmg.co.uk/case+KPMG+KIC19E0401.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Alistair McAlinden  
Joint Administrator

## **2 Progress to date**

This section provides a final update on the strategy for the administration and on the progress made to date. It follows the information previously provided and should be read in conjunction with our Proposals and progress reports.

### **2.1 Strategy and progress to date**

#### **Strategy**

Following the administration appointment, the Joint Administrators determined it was not feasible to save KEL as a going concern and they would, therefore, not continue to trade the business post administration. Accordingly, the Joint Administrators retained only 29 members of staff to implement a care and maintenance strategy and protect KEL's assets whilst they were marketed for sale.

Shortly following the administration appointment, KEL's US parent company, Kaiam Corporation, entered into a restructuring process under Californian state law (an assignment for the benefit of Creditors or "ABC" process). The Assignees of Kaiam Corporation are affiliates of Sherwood Partners Inc. ("Sherwood"). Kaiam Corporation owned certain assets (including intellectual property) which was critical for the operations of KEL.

In line with the strategy set out in our proposals, our efforts during the period have continued to focus upon seeking to realise the Company's assets for the benefit of creditors.

#### **Sale of Business**

The Joint Administrators concluded a sale of the business and assets of the PLC division, including the Livingston property (owned by KUL), to Broadex Technologies UK Limited, in March 2019. A total consideration of \$5,425,000 (c£4,097,000) was paid.

Separately, on 31 July 2019, the Joint Administrators concluded the sale of the Transceiver assets to T&S Communications Co. Ltd for a consideration of \$1.8 million (c£1.4 million).

As a result of the transactions, the Joint Administrators consider the sale of business process to be complete.

#### **Conversion of Administration to Creditors' Voluntary Liquidation**

The Administration is due to end on 20 December 2020.

We intend to convert the Administration to a CVL prior to 20 December 2020, to finalise outstanding matters in the case and to facilitate dividends to preferential and unsecured creditors.

### **2.2 Asset realisations**

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

Summaries of realisations to date are provided below.

## Plant and machinery

The total net book value of plant, machinery and computer / office equipment, at the date of appointment, was c£3.9 million (across both the PLC and transceiver divisions).

As noted above, we completed the sale of all owned PLC plant and equipment together with fixtures and fittings to Broadex in March 2019 and we completed the sale of all owned Transceiver plant and equipment to T&S in July 2019. Realisations to date total £3.3 million.

## Intellectual property

The intellectual property relating to the PLC division was sold to Broadex as part of the wider sale of business and assets (this included IP owned by KEL and certain IP owned by Kaiam Corporation).

The remaining IP, which related to the Transceiver division and was held by Kaiam Corporation, was included in the sale to T&S.

Total realisations for KEL's intellectual property amount to c£75,000.

## Debtors

As at the date of appointment, the debtors' ledger totalled c£1.0 million with these sums due from customers based in the UK, Europe, US and the Far East all of whom were contacted to request payment of the outstanding sums due.

As previously advised, it appears the ledger is subject to a number of counter-claims, contras and disputes.

Debtor realisations to date total c£259,000.

Whilst the level of future recoveries remains uncertain, we will continue to pursue recovery of the outstanding debtor balances whilst it remains cost effective to do so.

## Intercompany debtor balances and shareholding

As previously advised, at the date of appointment, KUL owed KEL c£252,000 in respect of an inter-company balance. Accordingly, KEL ranks as an unsecured creditor in the administration of KUL.

Based on current estimates, KEL will be paid in full in respect of the balance due.

In addition, we anticipate KEL will be paid a dividend, the quantum of which is uncertain at this stage, in respect of the 100% shareholding it holds in KUL.

In our capacity as Joint Administrators of KUL, we converted the KUL Administration to a Creditors' Voluntary Liquidation. We will make payment to KUL's creditors, including KEL, as soon as practicable, under the relevant insolvency legislation.

## Inventories and Work in Progress ("WIP")

In total, we received 20 retention of title ("RoT") claims over the raw materials and consumables stock.

Following a review of the WIP, finished goods and settlement of the RoT positions (with the assistance of KEL staff) we negotiated sales of these assets to customers. To date, we have generated gross realisations of c£135,000. It is unlikely that further significant recoveries will be made.

#### Other assets

See Section 6 for confirmation of the assets which are to be transferred to the Liquidation.

#### Investigations

We reviewed the affairs of the Company to find out if there were any actions which could be taken against third parties to increase recoveries for creditors.

### **2.3 Costs**

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

During the period, we paid legal fees of £1,000.50 for legal assistance provided. We also settled a Corporation Tax liability, of £7,659.09, for the period 21 December 2018 to 20 December 2019.

### **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).

Any expenses which have been incurred in the Administration but have not yet been paid will be settled during the Liquidation.

In our Proposals we enclosed an expenses estimate for the whole period of the administration of £1,137,000. To date, we have not exceeded our initial estimate.

## **3 Outcome for creditors**

### **3.1 Secured creditors**

We are not aware of any secured claims against the Company.

### **3.2 Preferential creditors**

We estimate the amount of preferential claims to be £90,813.

Based on current estimates, we anticipate that preferential creditors should receive a dividend of 100p in the £ plus statutory interest, where applicable during the Liquidation. The timing and amount of any dividend are dependent upon the realisations and associated costs of the Administration and Liquidation.

### **3.3 Unsecured creditors**

Based on current estimates, we anticipate that unsecured creditors should receive a dividend during the Liquidation. The amount will be determined once the realisation of assets and payment of associated costs has been completed during the Liquidation.

## **4 Other matters**

### **4.1 Creditors' Committee**

A Creditors' Committee was formed in a previous period.

A Committee meeting was held on 26 April 2019 via conference call. The purpose of the meeting was to provide a general update on case progression and the overall administration strategy.

The Creditors' Committee will continue in its current form during the CVL provided it continues to meet all statutory requirements with regards to its constitution.

## 5 Joint Administrators' remuneration and disbursements

During a previous period, the Creditors' Committee have provided approval that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate, provided in the Proposals, and KPMG's usual charge-out rates for work of this nature (as detailed at Appendix 4).
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4.

### Time costs

From 21 June 2020 to 20 November 2020, we have incurred time costs of £96,633.05. These represent 258 hours at an average rate of £374.55 per hour.

### Remuneration

During the period we have not drawn any remuneration.

Remuneration drawn to date totals £901,987 (excluding our pre-administration costs).

Our total costs from 21 December 2018 to 20 November 2020 are £1,090,998.15 and, therefore, remain in-line with our fees estimate that was included in our Proposals and, subsequently, approved by the Creditors' Committee. We intend to draw a further interim floating charge fee of £189,011.15, covering our time costs up to and including 20 November 2020, which have not yet been drawn.

Thereafter, we intend to draw a final Administrators' fee, for the period 21 November 2020 to the close of the Administration, provided our total time costs do not exceed the fees estimate.

The fees outlined above will be drawn during the Liquidation

### Disbursements

During the period we have not incurred any disbursements.

Disbursements drawn to date total £4,966.99.

The Creditors' Committee have provided approval to the disbursements, incurred in previous periods, noted below which will be drawn during the Liquidation:

<b>Outstanding Disbursements</b>					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Courier & delivery costs		71.00		NIL	<b>71.00</b>
External printing		319.35		NIL	<b>319.35</b>
Meals		53.62		NIL	<b>53.62</b>
Postage		632.38		NIL	<b>632.38</b>
Travel		67.75		NIL	<b>67.75</b>
<b>Total</b>		<b>1,144.10</b>		<b>NIL</b>	<b>1,144.10</b>

#### 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 21 June 2020 to 20 November 2020. We have also attached our charging and disbursements policy.

In the event any creditor wishes to object to our remuneration or recovery of disbursements, we have provided details of the relevant processes at Appendix 4.

## **6 Conclusion of the administration**

We have filed a copy of this final progress report with the Registrar of Companies, together with the requisite notices to place the Company into Creditors' Voluntary Liquidation.

We will cease to act as Joint Administrators when these documents are registered by the Registrar of Companies and on the same date will be discharged of liability in respect of any action of ours as Joint Administrators.

The administration funds totalling £1,044,335.46 will be transferred to the CVL together with the rights to a refund due from HM Revenue & Customs relating to input VAT totalling £291,836.47 and the rights to a refund of certain sums from the Bank relating to the pre appointment bank accounts of the Company.

## Appendix 1      Statutory information

### Company information

Company name	Kaia Europe Limited
Date of incorporation	20 February 1998
Company registration number	03517183
Present registered office	KPMG LLP, 15 Canada Square, London, E14 5GL

---

### Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 011125 of 2018
Appointor	Directors
Date of appointment	21 December 2018
Joint Administrators' details	Alistair McAlinden and Blair Nimmo
Functions	The functions of the Joint Administrators have been exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	20 December 2020

---

## Appendix 2      Joint Administrators' receipts and payments account

<b>Kaiaam Europe Limited - in Administration</b>		
<b>Trading accounts</b>		
Statement of Affairs (£)	From 21/06/2020 To 20/11/2020 (£)	From 21/12/2018 To 20/11/2020 (£)
POST-APPOINTMENT SALES		
Sales	NIL	135,285.75
	NIL	135,285.75
OTHER DIRECT COSTS		
Direct labour	NIL	(328,504.98)
Direct expenses	NIL	(11,312.37)
	NIL	(339,817.35)
TRADING EXPENSES		
Telephone/Telex/Fax	NIL	(1,712.79)
IT Costs	NIL	(16,400.69)
Insurance	NIL	(39,577.36)
Hire of equipment	NIL	(414.32)
Repairs and maintenance	NIL	(4,206.66)
Sundry expenses	NIL	(1,979.13)
Security costs	NIL	(18,792.59)
	NIL	(83,083.54)
<b>Trading surplus/(deficit)</b>	<b>NIL</b>	<b>(287,615.14)</b>

**Kaiam Europe Limited - in Administration****Abstract of receipts & payments**

Statement of affairs (£)		From 21/06/2020 To 20/11/2020 (£)	From 21/12/2018 To 20/11/2020 (£)
<b>ASSET REALISATIONS</b>			
3,250,000.00	Plant & machinery & stock	NIL	3,317,252.49
250,000.00	Book debts	NIL	259,389.16
700,000.00	Goodwill	NIL	75,444.41
23,124.00	Cash at bank	NIL	NIL
		<hr/>	<hr/>
		NIL	3,652,086.06
<b>OTHER REALISATIONS</b>			
	Bank interest, gross	1,329.55	8,375.91
	Miscellaneous income	NIL	347.94
	Sundry refunds	NIL	17,450.64
	Trading surplus/(deficit)	NIL	(287,615.14)
	Contribution to costs	NIL	6,130.15
		<hr/>	<hr/>
		1,329.55	(255,310.50)
<b>COST OF REALISATIONS</b>			
	Consultants Fee	NIL	(6,279.60)
	Sundry expenditure	NIL	(2,040.03)
	Meeting room hire	NIL	(1,000.00)
	ERA outsourcing costs	NIL	(16,000.00)
	Property rights/Patents	NIL	(1,383.41)
	Payroll bureau costs	NIL	(3,149.50)
	Administrators' fees	NIL	(925,582.50)
	Administrators' expenses	NIL	(4,966.99)
	Agents'/Valuers' fees - GMG	NIL	(182,947.08)
	Agents'/Valuers' fees - Other	NIL	(23,130.42)
	Legal fees	(1,000.50)	(122,933.98)
	Corporation tax	(7,659.09)	(7,659.09)
	Heat & light	NIL	(149,826.29)
	Statutory advertising	NIL	(71.00)
	Insurance of assets	NIL	(1,500.00)
	Bank charges	(50.00)	(460.00)
		<hr/>	<hr/>
		(8,709.59)	(1,448,929.89)
<b>PREFERENTIAL CREDITORS</b>			
(3,925.28)	Employees' wage arrears	NIL	NIL
(86,887.64)	Employees' holiday pay	NIL	NIL
		<hr/>	<hr/>
		NIL	NIL
<b>UNSECURED CREDITORS</b>			

**Kaiam Europe Limited - in Administration****Abstract of receipts & payments**

Statement of affairs (£)		From 21/06/2020 To 20/11/2020 (£)	From 21/12/2018 To 20/11/2020 (£)
(77,399,884.38)	Interim payment to Kaiam Corp	(599,999.39)	(599,999.39)
(1,368,043.33)	Employees	NIL	NIL
		(599,999.39)	(599,999.39)
	DISTRIBUTIONS		
(8,300.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(74,643,916.63)</b>		<b>(607,379.43)</b>	<b>1,347,846.28</b>
	REPRESENTED BY		
	Floating ch. VAT rec'able		291,836.47
	RBS IB Current Account		1,044,335.46
	Dutch payroll taxes		11,674.35
			<b>1,347,846.28</b>

## Appendix 3      Schedule of expenses

<b>Schedule of expenses (21/06/2020 to 20/11/2020)</b>			
<b>Expenses (£)</b>	<b>Incurred and paid in the period (£)</b>	<b>Incurred in the period not yet paid (£)</b>	<b>Total (£)</b>
<b>Cost of realisations</b>			
Joint Administrators' fees	0.00	96,633.05	<b>96,633.05</b>
Bank charges	50.00	0.00	<b>50.00</b>
<b>TOTAL</b>	<b>50.00</b>	<b>93,633.05</b>	<b>93,683.05</b>

### **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 Rachel McCrorie of KPMG LLP, 15 Canada Square, London, E14 5GL.

## 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 and employee matters by 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/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Rachel McCrorie on 0141 228 4226.

### Hourly rates

Set out below are the relevant charge-out rates per hour worked 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.

### Table of charge-out rates

<b>Charge-out rates (£) for: Kalam Europe Limited – in Administration</b>			
<b>Grade</b>	<b>From 01 Jan 2020 £/hr</b>		<b>From 01 Oct 2020 £/hr</b>
Partner	690		690
Director	620		620
Senior Manager	560		560
Manager	467		467
Senior Administrator	325		325
Administrator	236		236
Support	147		147

## Policy for the recovery of disbursements

We have recovered 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 not incurred any disbursements during the period.

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

Category 2 disbursements have been approved in the same manner as our remuneration.

Narrative of work carried out for the period 21 June 2020 to 20 November 2020

The key areas of work have been:

Statutory and compliance	posting information on a dedicated web page; preparing statutory receipts and payments accounts; complying with statutory bonding requirements; dealing with all CVL conversion related formalities; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	monitoring and reviewing the administration strategy, including the decision to convert to CVL and meetings with joint appointees to agree the same; briefing of our staff on the administration strategy and matters in relation to various work-streams; considering the impact of the Kaia UK Limited conversion to CVL; 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; liaising with legal advisors; complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	preparing and processing vouchers for the payment of post-appointment

	<p>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.</p>
Tax	<p>reviewing the Company's corporation tax and VAT position; issuing letter to HMRC regarding the VAT position of the Company; analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; preparing Year 1 tax return and computation; submitting return and computation to HMRC electronically; arranging for payment to be made to HMRC in respect of a tax liability for the Year 1 period; and advising our tax team of our decision to convert to CVL.</p>
Shareholders	<p>providing copies of statutory reports to the shareholders. responding to enquiries from shareholders regarding the administration.</p>
General	<p>reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9.</p>
Asset realisations	<p>liaising with our legal agent regarding the cash at bank position; reviewing outstanding debtor position; reviewing the inter-company debtor position between the Company and other group companies.</p>
Employees	<p>dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office; reviewing preferential creditor claims.</p>
Creditors and claims	<p>drafting and circulating our Progress Report; updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; providing copies of the reports to creditors; liaising with Sherwood in relation to the inter-company creditor position; arranging interim payment to Sherwood in relation to their unsecured claim; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records.</p>
Committees	<p>providing written and oral updates to representatives of the Committee.</p>
Investigations	<p>reviewing and allocating mail electronically to the relevant team member.</p>

## Time costs

### SIP 9 –Time costs analysis (21/06/2020 to 20/11/2020)

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
General (Cashiering)	2.40	744.40	310.17
Reconciliations (& IPS accounting reviews)	1.20	390.00	325.00
General			
Fees and WIP	1.20	390.00	325.00
Statutory and compliance			
Appointment and related formalities	1.30	806.00	620.00
Checklist & reviews	7.10	2,298.60	323.75

**SIP 9 –Time costs analysis (21/06/2020 to 20/11/2020)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
Extension related formalities	9.95	4,679.00	470.25
Strategy documents	45.30	18,377.90	405.69
Tax			
Post appointment corporation tax	13.05	5,016.75	384.43
Post appointment VAT	1.20	390.00	325.00
<b>Creditors</b>			
Committees			
Reports	14.80	6,832.40	461.65
Creditors and claims			
Agreement of claims	2.80	1,640.00	585.71
Agreement of preferential claims	4.00	1,740.20	435.05
Agreement of unsecured claims	37.10	14,228.60	383.52
General correspondence	52.20	19,254.70	368.86
Notification of appointment	0.30	97.50	325.00
Payment of dividends	7.70	3,653.00	474.42
Statutory reports	11.40	4,324.50	379.34
Employees			
Correspondence	41.30	10,300.30	249.40
Pensions reviews	0.20	65.00	325.00
<b>Investigation</b>			
Investigations			
Mail redirection	1.30	306.80	236.00
<b>Realisation of assets</b>			
Asset Realisation			
Cash and investments	0.40	130.00	325.00
Debtors	1.40	837.40	598.14
Plant and machinery	0.40	130.00	325.00
<b>Total in period</b>	<b>258.00</b>	<b>96,633.05</b>	<b>374.55</b>

Brought forward time (appointment date to SIP 9 period start date)	2,413.30	994,365.10
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	258.00	96,633.05
Carry forward time (appointment date to SIP 9 period end date)	2,671.30	1,090,998.15

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      Summary of Joint Administrators' proposals

Below is a summary of the Joint Administrators' Proposals dated 14 February 2019 which were approved without modification by creditors and are available to view at:

<https://www.insolvency-kpmg.co.uk/case+KPMG+KIC19E0401.html>

Rescuing KEL in accordance with Paragraph 3(1)(a) is not achievable and, therefore our primary objective is to achieve a better result for KEL's creditors as a whole than would be likely if KEL were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

### General matters

to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of KEL in accordance with the objective as set out above;

to investigate and, if appropriate, to pursue any claims KEL may have;

to seek an extension to the administration period if we consider it necessary.

### Distributions

to make distributions to the preferential and unsecured creditors where funds allow;

to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

### Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

apply to Court for the administration order to cease to have effect from a specified time and for control of KEL to be returned to the Directors;

formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of KEL's creditors, shareholders or the Court for approval as appropriate;

place KEL into creditors' voluntary liquidation. In these circumstances we propose that we, Alistair McAlinden and Blair Nimmo, be appointed as Joint Liquidators of KEL without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

petition the Court for a winding-up order placing KEL into compulsory liquidation and to consider, if deemed appropriate, appointing us, Alistair McAlinden and Blair Nimmo, as Joint Liquidators of KEL without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;

file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available

to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. KEL will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5;

unpaid pre-administration costs, as set out in Section 7.2 above, be paid as an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

## Appendix 6      Glossary

<b>The Bank</b>	The Royal Bank of Scotland Plc
<b>KEL/ the Company</b>	Kaiam Europe Limited - in Administration
<b>KUL</b>	Kaiam UK Limited – formerly in Administration and now in Liquidation
<b>Joint Administrators/we/our/us</b>	Alistair McAlinden and Blair Nimmo
<b>KPMG</b>	KPMG LLP
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006

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 7      Notice: About this report

This report has been prepared by Alistair McAlinden and Blair Nimmo the Joint Administrators of Kaiaam Europe Limited – in Administration (the ‘Company’) solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 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 (England and Wales) 2016 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.

Alistair McAlinden and Blair Carnegie Nimmo are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – [home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html](https://home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html).

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.

**[www.kpmg.com](http://www.kpmg.com)**

© 2020 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

For full details of our professional regulation please refer to 'Regulatory Information' at [www.kpmg.com/uk](http://www.kpmg.com/uk)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

**The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative.**