

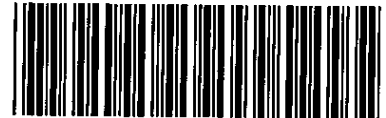
AM10

Notice of administrator's progress report



Companies House

TUESDAY



A6ESS849

A23

12/09/2017

#164

COMPANIES HOUSE

1 Company details

Company number 0 4 1 1 3 3 7 0

Company name in full Cofton (Wales) Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Gerard Anthony

Surname Friar

3 Administrator's address

Building name/number Saltire Court

Street 20 Castle Terrace

Post town Edinburgh

County/Region

Postcode E H 1 2 E G

Country

4 Administrator's name ①

Full forename(s) Blair Carnegie

Surname Nimmo

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Saltire Court

Street 20 Castle Terrace

Post town Edinburgh

County/Region

Postcode E H 1 2 E G

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

g. A. E

X

Signature date	^d 1	^d 1	^m 0	^m 9	^y 2	^y 0	^y 1	^y 7
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AM10

Notice of administrator's progress report



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	Nick McGlinchey
Company name	KPMG LLP
Address	Saltire Court 20 Castle Terrace
Post town	Edinburgh
County/Region	
Postcode	E H 1 2 E G
Country	
DX	
Telephone	Tel +44 (0) 131 527 6942



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.



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



Joint
Administrators'
progress
report for the
period 15
February 2017
to 14 August
2017

Cofton (Wales) Limited - in
Administration

11 September 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.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

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+CH210B4350.html>. We hope this is helpful to you.

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

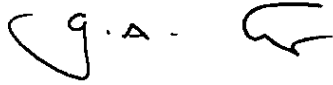
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1 Executive summary

- This progress report covers the period from the date of our appointment to 14 August 2017.
- On 15 February 2017 the Bank lodged a notice of appointment of administrators at the High Court Leeds District Registry, and Blair Nimmo and Tony Friar were subsequently appointed as Joint Administrators to the Company.
- We delivered our statement of Proposals ('Proposals') to all known creditors on 10 April 2017 and these were deemed to be approved on 26 April 2017. This report should be read in conjunction with our Proposals.
- The Company, incorporated in 2000, operated as a property development company for a single development site located at Llanilid, South Wales ('the Site'), most of which comprises a former open cast coal mine. The total Site comprises approximately 1,100 acres of which 780 acres are owned by the Company, with an intersecting area being owned by Westair Properties Limited - in Administration ('Westair'). The Westair site broadly divides the property between the "Residential land", which benefits from outline planning consent granted for up to 1,850 residential properties; and the "Employment land" being allocated for a range of employment uses. The Company also has a debt due by Westair which is secured by a first ranking charge over part of the Westair site.
- We have continued to ensure environmental obligations are adhered to. We commenced marketing the Site on 29 August 2017 (Section 2 - Progress to date).
- No significant realisations have been made in the period as the Company's sole asset is the Site which we have been preparing for sale. Receipts of £24,731 have arisen in respect of income generated through short term leasing agreements, and debtor receipts of £3,100 have been ingathered. (Section 2 - Progress to date).
- A summary of our costs has been provided at section 2.4 - a detailed breakdown can be found at Appendix 3. (Section 2 - Progress to date).
- We estimate that the Bank will receive a distribution under its first ranking legal charge and that Mr Ambrose and HCC may receive a distribution if the Bank's indebtedness is repaid in full. (Section 3 - Dividend prospects).
- A small preferential claim of £1,000 relating to the Company's sole employee will arise. We expect the preferential creditors will be repaid in full. (Section 3 - Dividend prospects).
- It is uncertain at this stage whether unsecured creditors will receive a distribution other than through the Prescribed Part. (Section 3 - Dividend prospects).
- From the date of our appointment to 14 August 2017 we have incurred time costs of £425,621.50. Disbursements totalling £5,543 have been incurred and paid in the period. (Section 4 - Joint Administrators' remuneration and disbursements).
- We will continue to market the Company's asset for sale and seek to complete a sale in the subsequent period with a view to inviting offers, selecting preferred bidder(s) and selling the site. We will also continue to liaise with the administrators of Westair in relation to the disposal of the Westair site, and subsequent distribution to the Company. All statutory matters will be dealt with as required. (Section 5 - Future strategy).
- A further progress report will be provided within one month of 14 February 2018 or earlier if the administration has been completed prior to that time. (Section 5 - Future strategy).
- The administration is currently due to end on 14 February 2018 and we expect to extend this by a period of 12 months with the consent of the secured and preferential creditors.

- Please note: you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+CH210B4350.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Tony Friar
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 Proposals and should be read in conjunction with the Proposals.

2.1 Strategy and progress to date

We set out a summary of the actions we have taken to date relating to the management and disposal of the Company's site at Park Llanilid, South Wales (the 'Site').

Environmental

The Site comprises of a mixture of brownfield land which had previously been used for opencast coal mining, although there are greenfield areas which are used for agricultural purposes.

The Site has a number of settlement lagoons that capture and direct the run-off rainwater, which subsequently discharges into nearby water courses. The Company holds a water discharge permit under the terms of which it is obliged to ensure the discharge quality is controlled.

We have continued to employ the Company's sole employee and a labour only subcontractor - who have been working on the site for many years - in order to ensure environmental monitoring continues (amongst other duties). The relevant authority, Natural Resources Wales, have attended the Site following our appointment to review procedures and take water samples, and no issues have arisen.

Property disposal

We have instructed a firm of property agents, Savills, to market the Site for sale. We have prepared a diligence room which contains technical, planning and legal documentation that maybe required by prospective purchasers when formulating an offer. We are being supported by Cromwell, PLP and a firm of engineers in relation to this.

The site is being offered for sale in two lots, with bidders being invited to bid for either or both.

Lot 1 - Residential land (250 acres)

The northern part of the Site benefits from outline planning permission for up to 1,850 homes.

Lot 2 - Employment land (530 acres)

The Company's Employment land comprises of the southern part of the Site and has planning permission for a range of employment uses. It has potential for a change of use to an alternative use, including residential, subject to receipt of planning permission.

Restrictive covenant

The Company has a restrictive covenant over the Westair site which prevents it from being used for anything other than a short list of uses (e.g. film studios, golf course, theme park etc.) until such time as the restrictive covenant is released. We intend that the benefit of this covenant will be transferred to a buyer as part of a sale of Lot 2.

Marketing

The Site marketing commenced on 29 August 2017 and we anticipate setting a closing date for indicative offers in due course. Interested parties should contact Scott Caldwell at Savills on 0292 036 8943.

Westair site

The Company has a debt due by Westair, secured by a first ranking charge over part of the Westair site. We have had several discussions and correspondence with the administrators of Westair in relation to the sale of the Westair site, and the subsequent distribution to the Company.

2.2 Asset realisations

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

As the Company's Site comprises freehold property which has just been placed on the market, there have been no significant asset realisations in the period.

We have recovered £3,100 of Company debtor balances since our appointment. We are yet to ascertain whether there will be further recoveries in respect of debtors.

2.3 Trading

A number of short-term farming leases have been identified on the Company's land. We have contacted all the farmers and sought to arrange new agreements. We have also generated £21,325 from arranging short term lets to media companies who have used parts of the Site for filming purposes.

2.4 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2). The costs shown may be subject to reallocation between trading expenses, fixed charge costs and floating charge costs.

Summaries of the most significant costs incurred during the period are provided below:

Agents' fees

We have paid fees to agents in the period as follows:-

- £13,500 was paid to Savills in relation to valuation and strategic advice;
- £6,414 to PLP in respect of the provision of Site technical and background information;

In addition, £45,000 is due to Cromwell in respect of asset management and strategic property advice. As the invoice was received subsequent to the period end, the payment is not reflected in the receipts and payments account but has been accrued.

Bank Charges

Charges of £6,851 have been incurred in the period in relation to the Company's post appointment banking facilities.

Employee costs

Employee costs of £24,269 have been incurred in relation to the employee and contractor who maintain the Company's freehold property.

Hire of equipment

We have incurred a cost of £5,540 in the period - £2,340 of which remained outstanding at the period end - in relation to the hire of equipment to manage the Site.

Insurance

Site insurance costs of £4,287 have been incurred in the period.

IT costs

IT and communications support/maintenance costs of £2,361 have been incurred in the period.

Other property expenses

£1,818 has been incurred in respect of electrical repair works which were carried out on the Company's office.

Professional fees

Professional fees of £3,150 (including £200 accrued but not paid) have been incurred in the period, relating to the processing of payroll, preparation of Company accounting records up to the date of appointment and preparation of the Company Directors' Statement of Affairs.

Repairs and maintenance

£3,549 (including £109 accrued but not paid) has been incurred as repairs and maintenance, which relates to the repair of Site sewer pumps.

Security and maintenance costs

Costs of £6,259 have been incurred in the period.

Solicitors' fees

Solicitors' fees of £25,000 plus legal disbursements of £5,029 have been paid in the period to Walker Morris.

2.5 Schedule of expenses

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

2.6 Investigations

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

We have concluded that it is not considered appropriate to carry out further investigative work.

3 Dividend prospects

3.1 Secured creditors

The Company has granted the following securities to the Bank:

- A legal charge dated 29 March 2001 and registered 6 April 2001 over the Site; and
- A Debenture dated 25 October 2006 and registered 1 November 2006 including a fixed and floating charge over all undertakings.

At the date of administration the level of debt due to the Bank, in the form of a term loan and overdraft facilities, amounted to approximately £25.4 million. Interest and charges continue to apply.

The Company has granted the following securities in favour of Mr Philip Ambrose:

- A legal charge created 31 March 2010 and registered 7 April 2010 over part of the Site;
- A legal charge created 20 August 2010 and registered 8 September 2010 over part of the Site; and
- A debenture created 31 March 2010 and registered 7 April 2010 including a fixed and floating charge over all undertakings.

At the date of administration the level of debt due to Mr Ambrose, amounted to approximately £2.9 million. Interest and charges continue to apply.

The Company had granted the following security in favour of HCC:

- A legal charge created 20 December 2016 date and registered 20 December 2016, restricted to the Residential site;
- At the date of administration the level of debt due to HCC stood at approximately £4.6 million.

The Company had granted the following security in favour of Cofton Group Limited ("CGL"), now in administration:

- A legal charge created 29 March 2001 and registered 11 April 2001 over part the Site.

The Company directors have advised that CGL is not a creditor and the administrators of CGL have confirmed this.

The Bank, Mr Ambrose, HCC, CGL and the Company entered into an intercreditor agreement on 20 December 2016 under which terms the secured creditors agreed to rank their security in the following order of priority:

- First the Bank's security for its debt including interest and charges for an unlimited amount;
- Second Mr Ambrose's security for his debt including interest and charges, capped at an aggregate sum of £3.5 million;
- Third HCC's security for its debt including interest and charges for an unlimited amount;
- Fourth CGL's security for its debt including interest and charges for an unlimited amount, albeit we understand that CGL has no debt due by the Company; and
- Fifth, Mr Ambrose's security in respect of any remaining sums due to Mr Ambrose in respect of his debt plus interest and charges.

Our solicitor has reviewed the above security and confirmed that each item of security, together with the ranking agreement, are valid.

We anticipate that there will be a distribution to the Bank as first ranking secured creditor. It is not clear yet whether Philip Ambrose and HCC will receive distributions under their fixed charges as this will be dependent on the sales values achieved for the Site after the operational, sale and relevant administration costs have been met, and the level of the Bank's debt including accrued interest and costs.

The directors' Statement of Affairs shows two material assets not captured by any fixed charge security – the restrictive covenant over the Westair site and the debt due by Westair.

- We have been advised by our solicitors that the restrictive covenant is attached to the land held by the Company, and as such is not an asset in its own right. Any funds received in relation to lifting the restrictive covenant over the Westair site would be subject to the Bank's legal charge.
- The debt due by Westair is not subject to the Bank's fixed charge. Accordingly, realisations from this asset will fall due under the Bank's debenture.

3.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

There is only one Company employee, and we estimate the amount of preferential claims at the date of our appointment to be approximately £1,000.

We expect that a distribution to preferential creditors will be made in full. The timing will depend upon the timing of recovery for the debt due by Westair.

3.3 Unsecured creditors

Based on current estimates, it is likely that there will be a dividend to unsecured creditors via the prescribed part. The outcome will depend on the level of the sums recovered from the Company's debt due by Westair.

4 Joint Administrators' remuneration and disbursements

4.1 Joint Administrators' remuneration and disbursements

Joint Administrators' Remuneration

Subject to approval from the secured and preferential creditors, 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 4 and the charge-out rates included in Appendix 5. We have not applied for or drawn any remuneration in the period.

Should the circumstances of the administration change and the secured creditors be repaid in full, we reserve the right to revert to unsecured creditors in order to seek approval for the basis of remuneration and the drawing of Category 2 disbursements.

Subject to the approval from the secured and preferential creditors, disbursements for services provided by KPMG (defined as category 2 disbursements in SIP9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

Time costs

From the date of our appointment to 14 August 2017 we have incurred time costs of £425,621.50. These represent 1,093.80 hours at an average rate of £389.12 per hour.

Disbursements

Category 1 disbursements totalling £5,543 have been incurred in the period. A detailed breakdown of these disbursements along with details of KPMG's expenses policy can be seen at Appendix 5. We have not applied for or drawn any payment to repay KPMG for these costs.

There have been no Category 2 disbursements incurred in the period.

Additional information

We have attached (Appendix 5) 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 our appointment to 14 August 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:

General matters

- to ensure the Company's business and assets are adequately managed, maintained and protected;

- if appropriate, enter into short-term letting arrangements of the site;
- continue with the marketing of the Site, with a view to inviting offers, selecting preferred bidder(s) and ultimately selling the Site;
- to continue liaise with the administrators of Westair in relation to disposal of the Westair site and the subsequent distribution to the Company;
- to continue to use our powers appropriately in order to achieve a better result for the creditors of the Company by maximising realisations of the Company's business and assets;
- to comply with the ongoing statutory and compliance matters as necessary, including submission of Corporation Tax and VAT returns;
- to respond to all queries from creditors and members; and
- to investigate and, if appropriate, to pursue any claims the Company may have.

Distributions

- to make distributions to the secured and preferential creditors where funds allow;
- to adjudicate on secured, preferential and unsecured claims; and
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

5.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court.

No extension has been requested to date, however we expect that this will be necessary. We intend to ask secured creditors and preferential creditors to agree to an extension of the administration period by one year to 14 February 2019.

5.3 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 the Company 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 the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation.
- petition the Court for a winding-up order placing the Company into compulsory liquidation.
- 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, or no further dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company 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.

5.4 Discharge from liability

We propose to seek approval from the secured creditors and the preferential creditors that we will 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.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

Should the circumstances of the administration change and the secured and preferential creditors are repaid in full, we reserve the right to revert to the unsecured creditors in order to obtain discharge from liability.

5.5 Future reporting

We will provide a further progress report within one month of 14 February 2018 or earlier if the administration has been completed prior to that time.

Appendix 1 Statutory information

Company information	
Company name	Cofton (Wales) Limited
Date of incorporation	23 November 2000
Company registration number	04113370
Trading address	Parc Llanilid Llanharan, Rhondda Cynon Taf, Wales, CF72 9RP
Previous registered office	DeVirgo House, Valepits Road, Garretts Green, Birmingham, B33 0TD
Present registered office	1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA
Company Directors	Stephen Roger Turner Thomas Edward Barnsdall Philip Lambert Ambrose Kenneth Victor Haines Diane Carol Scriven Andrew Jon Stanton
Company Secretary	Stephen Roger Turner

Administration information	
Administration appointment	The administration appointment granted in High Court Leeds District Registry, 185 of 2017
Appointor	Bank of Scotland as Qualifying Charge Holder
Date of appointment	15 February 2017
Joint Administrators' details	Tony Friar and Blair Nimmo
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Estimated values of the Net Property and prescribed part	The value of the net property is unclear at this stage, pending the marketing of the Company's land. The Prescribed Part is capped at the statutory maximum of £600,000.
Prescribed Part	<p>The Prescribed Part may be applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3 - Unsecured creditors).</p> <p>If funds do become available for a distribution under the Prescribed Part, the Joint Administrators may make a distribution to the unsecured creditors; or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits.</p> <p>Alternatively, the Prescribed Part will be automatically dis-applied if the Net Property is less than £10,000 and the costs of making a distribution would be disproportionate to the benefits.</p>
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.
Current administration expiry date	14 February 2018

Appendix 2 Joint Administrators' receipts and payments account

Cofton (Wales) Limited - in Administration			
Trading accounts			
Statement of Affairs (£)	From 15/02/2017 To 14/08/2017 (£)	From 15/02/2017 To 14/08/2017 (£)	
POST-APPOINTMENT SALES			
Sales	21,325.00	21,325.00	
Miscellaneous income	3,406.29	3,406.29	
	<u>24,731.29</u>	<u>24,731.29</u>	
TRADING EXPENSES			
Water rates	(81.51)	(81.51)	
Heat & light	(521.08)	(521.08)	
Telephone/Telex/Fax	(10.00)	(10.00)	
Professional fees	(2,950.00)	(2,950.00)	
Hire of equipment	(3,200.00)	(3,200.00)	
Repairs and maintenance	(3,439.80)	(3,439.80)	
	<u>(10,202.39)</u>	<u>(10,202.39)</u>	
Trading surplus/(deficit)	<u>14,528.90</u>	<u>14,528.90</u>	

Cofton (Wales) Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)	From 15/02/2017 To 14/08/2017 (£)	From 15/02/2017 To 14/08/2017 (£)	
FIXED CHARGE ASSETS			
37,626,000.00 Freehold property	NIL	NIL	
	<u>NIL</u>	<u>NIL</u>	
FIXED CHARGE COSTS			
Legal fees	(25,000.00)	(25,000.00)	
Legal disbursements	(5,028.85)	(5,028.85)	
Agents'/Valuers' fees - Savills	(13,500.00)	(13,500.00)	
Employee costs	(24,268.64)	(24,268.64)	
Agents fees - PLP	(6,413.50)	(6,413.50)	
Security & maintenance costs	(6,258.60)	(6,258.60)	
Insurance	(4,287.52)	(4,287.52)	
IT costs	(2,360.87)	(2,360.87)	
Other property expenses	(1,818.00)	(1,818.00)	
	<u>(88,935.98)</u>	<u>(88,935.98)</u>	

Cofton (Wales) Limited - in Administration
Abstract of receipts & payments

Statement of affairs (£)		From 15/02/2017 To 14/08/2017 (£)	From 15/02/2017 To 14/08/2017 (£)
FIXED CHARGE CREDITORS			
(25,408,383.00)	Fixed charge creditor (1) - BOS	NIL	NIL
(2,984,251.00)	Fixed charge creditor (2) - PLA	NIL	NIL
(4,559,398.00)	Fixed charge creditor (3) - HCC	NIL	NIL
		<hr/> NIL	<hr/> NIL
ASSET REALISATIONS			
3,225,000.00	Charge over Westair site	NIL	NIL
1,000,000.00	Restrictive covenant over Westair site	NIL	NIL
8,978.00	Book debts	3,100.00	3,100.00
8,089.00	Tax refunds (pre-app'ent)	NIL	NIL
		<hr/> 3,100.00	<hr/> 3,100.00
OTHER REALISATIONS			
	Bank interest, gross	1.21	1.21
150.00	Sundry refunds	NIL	NIL
	Trading surplus/(deficit)	14,528.90	14,528.90
		<hr/> 14,530.11	<hr/> 14,530.11
COST OF REALISATIONS			
	Statutory advertising	(69.00)	(69.00)
	Bank charges	(6,850.76)	(6,850.76)
		<hr/> (6,919.76)	<hr/> (6,919.76)
PREFERENTIAL CREDITORS			
(800.00)	Employees' wage arrears	NIL	NIL
		<hr/> NIL	<hr/> NIL
UNSECURED CREDITORS			
(7,462,116.00)	Trade & expense	NIL	NIL
		<hr/> NIL	<hr/> NIL
DISTRIBUTIONS			
(1,453,269.00)	Ordinary shareholders	NIL	NIL
		<hr/> NIL	<hr/> NIL
		<hr/> (78,225.63)	<hr/> (78,225.63)
REPRESENTED BY			
	VAT receivable		8,430.61
	Current bank account		(80,543.24)
	PAYE/NIC		(757.96)
	EP(C)A monies held		(37.70)

Cofton (Wales) Limited - in Administration**Abstract of receipts & payments**

Statement of affairs (£)	From 15/02/2017	From 15/02/2017
	To 14/08/2017 (£)	To 14/08/2017 (£)
CIS Tax		(401.65)
Amounts payable to bank		(4,915.69)
		(78,225.63)

Note

The costs shown may be subject to reallocation between trading expenses, fixed charge costs and floating charge costs. A formal allocation process shall be necessary prior to any creditor distributions being made.

Appendix 3 Schedule of expenses

Schedule of expenses (15/02/2017 to 14/08/2017)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Trading expenses			
Water rates	81.51	0.00	81.51
Heat & light	521.08	0.00	521.08
Telephone/Telex/Fax	10.00	0.00	10.00
Professional fees	2,950.00	200.00	3,150.00
Hire of equipment	3,200.00	2,340.00	5,540.00
Repairs and maintenance	3,439.80	109.25	3,549.05
Fixed charge costs			
Legal fees	25,000.00	0.00	25,000.00
Legal disbursements	5,028.85	0.00	5,028.85
Agents'/Valuers' fees - Cromwell	0.00	45,000.00	45,000.00
Agents'/Valuers' fees - Savills	13,500.00	0.00	13,500.00
Employee costs	24,268.64	0.00	24,268.64
Agents fees - PLP	6,413.50	0.00	6,413.50
Security & maintenance costs	6,258.60	500.00	6,758.60
Insurance	4,287.52	0.00	4,287.52
IT costs	2,360.87	0.00	2,360.87
Other property expenses	1,818.00	0.00	1,818.00
Cost of realisations			
Statutory advertising	69.00	0.00	69.00
Bank charges	6,850.76	0.00	6,850.76
TOTAL	106,058.13	48,149.25	154,207.38

Notes

The Joint Administrators are entitled to receive remuneration for their services; pending agreement of the basis of the Joint Administrators' remuneration, it has been accrued on a time cost basis. Where appropriate, this will be adjusted once creditors have approved the basis.

The table excludes costs incurred by solicitors, property agents, engineers and surveyors where the Administrators' have instructed these parties but invoices are to be raised at a later date.

Per our Proposals, we provided a high-level initial estimate of the expenses we expect to incur between the date of our appointment and the end of the administration. Whilst our summary of expenses above totals £154,207 for the period, we do not currently anticipate any variations to our initial estimate of £1.25 million, however this may change as the administration progresses.

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 Nick McGlinchey at KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG.

Appendix 4 Joint Administrators' fees estimate

Estimated time costs for the engagement			
	Estimated Total hours	Estimated Time cost (£)	Estimated Average hourly rate (£)
Administration & planning			
Bankrupt/Director/Member	17	4,245.00	249.71
Cashiering - processing receipts, payments and bank reconciliations	52	13,370.00	257.12
General - books & records, fees & work in progress	83	18,845.00	227.05
Statutory and compliance - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	278	99,430.00	357.66
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	90	26,850.00	298.33
Creditors			
Creditors and claims - general correspondence, notification of appointment, statutory reports	135	44,425.00	329.07
Employees - correspondence	32	8,520.00	266.25
Investigation			
Directors - correspondence, statement of affairs, questionnaires	85	29,100.00	342.35
Investigations - director conduct and affairs of the Company	17	4,245.00	249.71
Realisation of assets			
Asset Realisation - including insurance of assets	1,313.00	474,495.00	361.38
Trading			
Trading - purchases, sales, cash projections	100	27,400.00	274
Total	2,202.00	750,925.00	341.02

Notes

We have retained the Administrators' fees estimate we reported to creditors in our Proposals. Our total hours incurred to 14 August 2017 are 1,093.80 at a time cost of £425,621.50. Whilst the final costs per category may turn out different to that indicated in the table, at this time and based on our current strategy we remain of the view that the overall time costs for this case will be in the region of £750,000.

In the event that additional work is necessary due to a change in the circumstances of the administration, we may need to increase our fees estimate and request approval to draw additional remuneration.

The basis of our remuneration and drawing of specific fees are subject to approval from the secured creditors and preferential creditors of the Company.

Appendix 5 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 Nick McGlinchey on 0131 527 6942.

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: Cofton (Wales) Limited – in administration	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

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 from the date of our appointment to 14 August 2017:

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	881.81		NIL		881.81
External printing	36.32		NIL		36.32
Meals	370.71		NIL		370.71
Bonding	950.00		NIL		950.00
Sundry	24.97		NIL		24.97
Telecommunications	16.64		NIL		16.64
Travel	3,262.27		NIL		3,262.27
Total	5,542.72		NIL		5,542.72

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 15 February 2017 to 14 August 2017

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; ■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; ■ issuing a press release and posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ meeting with management to review and update strategy and monitor progress; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; ■ 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 secured creditors regarding the progress of the administration and case strategy.
Cashiering	<ul style="list-style-type: none"> ■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts; ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; ■ reviewing and processing employee expense requests; ■ 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"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company; ■ submitting relevant initial notifications to HM Revenue and Customs; ■ reviewing the Company's pre-appointment corporation tax, CIS and VAT position; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ working initially on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ reviewing the Company's duty position to ensure compliance with duty requirements; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ providing notification of our appointment; ■ responding to enquiries from shareholders regarding the administration; ■ providing copies of statutory reports to the shareholders.
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; ■ liaising with the joint appointee in relation to the sale of the Company's land; ■ locating relevant Company books and records and dealing with the ongoing storage.
Trading	<ul style="list-style-type: none"> ■ preparing cash flow statements to monitor the cash position; ■ attending to supplier and customer queries and correspondence; ■ raising, approving and monitoring purchase orders and setting up control systems for trading; ■ negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support; ■ communicating and negotiating with customers regarding ongoing supplies, including agreeing terms and conditions; ■ ensuring ongoing provision of emergency and other essential services to site.

Asset realisations	<ul style="list-style-type: none"> ■ collating information from the Company's records regarding the assets; ■ liaising with agents and solicitors regarding the sale of assets; ■ commissioning reports on the Company's property to ensure adequate information is available in preparation for realisation; ■ agreeing a date for the marketing of the Company's property; ■ reviewing outstanding debtors and management of debt collection strategy;
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's freehold property, including review of title; ■ communicating with tenants regarding rent, property occupation and other issues; ■ performing title and utilities searches; ■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room; ■ maintaining a record of interested parties.
Health and safety	<ul style="list-style-type: none"> ■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; ■ correspondence with the relevant authorities to ensure all Health, Safety and Environmental requirements are being met; ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; ■ assessing the level of insurance premiums.
Employees	<ul style="list-style-type: none"> ■ dealing with queries from the Company employee regarding various matters relating to the administration and their employment; ■ dealing with statutory employment related matters, including statutory notices to the employee and making statutory submissions to the relevant government departments; ■ holding employee briefing meetings to update the employee on progress in the administration and our strategy; ■ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns; ■ communicating and corresponding with HM Revenue and Customs; ■ ensuring security of assets held by employees.
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Company's pension schemes; ■ calculating employee pension contributions; ■ ensuring compliance with our duties to issue statutory notices; ■ ensuring death-in-service cover for employees remains in place; ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.
Creditors and claims	<ul style="list-style-type: none"> ■ drafting and circulating our proposals; ■ creating and updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ agreeing secured/ preferential/ unsecured claims; ■ drafting our progress report.
Investigations/ directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the administration; ■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies; ■ reviewing the questionnaires submitted by the Directors of the Company; ■ reviewing pre-appointment transactions; ■ submitting the online director conduct assessment to the relevant authority.

Time costs

SIP 9 –Time costs analysis (15/02/2017 to 14/08/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Members			
Notification of appointment	0.75	382.50	510.00
Cashiering			
Fund management	1.40	671.00	479.29
General cashiering	18.20	4,889.00	268.63
Reconciliations	2.50	1,060.00	424.00
General			
Books and records	1.90	560.50	295.00
Statutory and compliance			
Appointment and related formalities	18.30	6,893.00	376.67
Bonding & Cover Schedule	1.10	437.50	397.73
Checklist & reviews	5.60	1,588.00	283.57
Reports to debenture holders	67.85	32,294.50	475.97
Strategy documents	35.10	18,042.50	514.03
Tax			
Initial reviews - CT and VAT	9.35	3,831.50	409.79
Post appointment corporation tax	14.10	4,672.00	331.35
Post appointment PAYE	2.10	735.00	350.00
Post appointment VAT	18.20	6,525.75	358.56
Creditors			
Creditors and claims			
General correspondence	26.20	7,264.50	277.27
Notification of appointment	1.80	387.00	215.00
Pre-appointment VAT / PAYE / CT	0.80	236.00	295.00
Secured creditors	0.80	172.00	215.00
Statutory reports	48.00	18,860.00	392.92
Employees			
Correspondence	85.85	25,099.75	292.37
Pension funds	0.75	221.25	295.00
Pensions reviews	20.55	5,869.25	285.61
Investigation			
Directors			
Correspondence with directors	26.75	7,833.25	292.83
D form drafting and submission	13.50	4,408.50	326.56
Directors' questionnaire / checklist	0.80	428.00	535.00

SIP 9 –Time costs analysis (15/02/2017 to 14/08/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Statement of affairs	3.20	1,632.00	510.00
Realisation of assets			
Cash and investments	0.30	127.50	425.00
Debtors	7.80	3,618.00	463.85
Freehold property	511.45	217,895.75	426.04
Health & safety	75.60	24,870.00	328.97
Insurance	2.60	765.50	294.42
Plant and machinery	0.45	229.50	510.00
Rent	1.50	765.00	510.00
Sale of business	1.80	531.00	295.00
Trading			
Cash & profit projections & strategy	18.50	4,184.00	226.16
Purchases and trading costs	41.25	15,546.50	376.88
Sales	7.10	2,094.50	295.00
Total in period	1,093.80	425,621.50	389.12

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	1,093.80	425,621.50
Carry forward time (appointment date to SIP 9 period end date)	1,093.80	425,621.50

Appendix 6 Glossary

Bank	Bank of Scotland plc
Company	Cofton (Wales) Limited - in Administration
Cromwell	Cromwell European Management Services Ltd
HCC	HCC International Insurance Company plc
JLT	JLT Speciality Limited
KPMG	KPMG LLP
Mr Ambrose	Philip Lambert Ambrose
PLP	PLP Consultancy Ltd
Property agents	Cromwell European Management Services Ltd Savills (UK) Limited PLP Consultancy Ltd
Secured creditors	Bank of Scotland plc Philip Lambert Ambrose HCC International Insurance Company plc
Savills	Savills (UK) Limited
SL2	Serviced Land No. 2 JV GP Limited
Walker Morris	Walker Morris LLP
Westair	Westair Properties Limited – in administration

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 Tony Friar and Blair Nimmo, the Joint Administrators of Cofton (Wales) 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.

Gerard Anthony Friar 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 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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