

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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12/09/2019

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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) Blair

Surname Nimmo

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) Alistair

Surname McAlinden

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

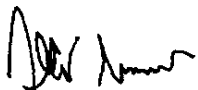
Country

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	9
To date	d	1	d	4	m	0	m	8	y	2	y	0	y	1	y	9
7	Progress report															
<input checked="" type="checkbox"/> I attach a copy of the progress report																
8	Sign and date															
Administrator's signature	Signature 															
Signature date	d	1	d	1	m	0	m	9	y	2	y	0	y	1	y	9

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 Kristian Bell

Company name KPMG LLP

Address Saltire Court
20 Castle Terrace

Post town Edinburgh

County/Region

Postcode EH1 2EG

Country

DX

Telephone Tel +44 (0) 131 222 2000



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 2019
to 14 August
2019

Cofton (Wales) Limited - in
Administration

11 September 2019

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 7).

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.

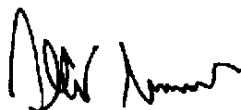
Please also note that an important legal notice about this progress report is attached (Appendix 8).

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1 Executive summary

- This progress report covers the period from 15 February 2019 to 14 August 2019.
- On 15 February 2017 the Bank lodged a notice of appointment of administrators at the High Court Leeds District Registry ("the Court"), and Blair Nimmo and Tony Friar were appointed as Joint Administrators of the Company.
- On 19 October 2018 Alistair McAlinden replaced Tony Friar as Joint Administrator by application to the Court. I remain in office.
- Following marketing processes led by our property agents, sales of all of the freehold property owned by the Company have now been completed, for aggregate consideration totalling £30.1 million. (Section 2 - Progress to date).
- The Company's only residual asset is a debt due by Westair Properties Limited – in administration ("Westair"). We have received distributions of approx. £1.5 million from Westair and expect to receive a final dividend of approx. £0.1 million. There are potential VAT issues in relation to these distributions and we are in discussions with the Westair administrators in relation to the appropriate VAT treatment. (Section 2 - Progress to date).
- The Bank held a first ranking charge over the Site and has now been repaid in full from distributions we have made during the administration. We have also made interim distributions to Mr Ambrose, under his second ranking security. We expect further distributions will be made to Mr Ambrose. (Section 3 - Dividend prospects).
- Following the sale of the Company's freehold property, the employment of the Company's sole employee was transferred to Persimmon Homes Limited ("PHL"). The employee claims which ranked as preferential creditor claims have been paid in full. (Section 3 - Dividend prospects).
- Unsecured creditors will not receive a distribution other than by the Prescribed Part. We have commenced adjudication on creditor claims. The amount payable to unsecured creditors will depend on the sums recovered from Westair (including resolution of the VAT issues), and the total level of unsecured creditor claims received. (Section 3 - Dividend prospects).
- The administration is currently due to end on 14 February 2020 and we intend to apply to Court to extend this for a period of 12 months, to 14 February 2021. Any creditor wished to object to this should do so in writing to the Joint Administrators, setting out reasons for their objection, no later than 31 October 2019. (Section 5 – Future strategy)
- Please note: you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+CH210B4350.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



pp Blair Carnegie Nimmo
Joint Administrator

2 Progress to date

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

2.1 Strategy and progress to date

The Company operated as a property developer, and owned a development site at Park Llanilid, South Wales ("the Site"). It also has a debt due by Westair, a company which owned an adjacent site.

Freehold property

We completed a sale of the Company's main site to PHL in February 2018 for £30 million. A second site (known as "the former railway line site") was sold in November 2019 for £50,000. The Company no longer owns any freehold property.

Westair

We have had several discussions and extensive correspondence with the administrators of Westair in relation to the sale of the site owned by Westair, and the subsequent distribution to the Company.

The site was sold in February 2019 and the Westair administrators have provided distributions to the Company under its fixed charge of £1,417,719.90. No further distributions under the Company's fixed charge will be made. As the Company's claim related to the costs incurred in constructing property on the Westair site, we have charged VAT of £283,543.98 in addition to this, of which £221,600.00 has been recovered from Westair to date.

The Westair administrators have also made a first unsecured dividend to the Company, totalling £81,754.42 plus VAT of £16,350.88. The VAT element of this has not been received from Westair. We are advised that there may be a final dividend receivable by the Company, of approximately £100,000.

We expect to receive the final unsecured dividend and recovery of the VAT elements noted above during September 2019, although there may be a further VAT element relating to the final distribution that could take a few months' longer to recover.

2.2 Asset realisations

The only realisation during the period was the £1,499,474.32 received from the administrators of Westair, as set out in the attached receipts and payments account (Appendix 2). If Westair do not pay across the VAT elements due on this, then the net amount of this balance that could be recovered by the Company will be lower.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2), and comprise Administrators' fees, legal fees and property agents' fees. These all relate to the realisation of the Company's assets and the general management of the Company's affairs.

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). There are no significant expenses incurred but not paid at the period end.

2.5 Investigations

We do not consider it appropriate to perform additional investigatory work, however if any creditor has information to bring to our attention, we will consider it, in the context of ascertaining whether there are any actions which can be taken against third parties to increase recoveries for creditors.

3 Dividend prospects and dividends paid

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 continued to apply, although the Bank has now been repaid in full.

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 dated 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 inter-creditor 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.

Distributions

Following the sale of the Site, the Bank, being the first ranking secured creditor, received a first ranking distribution under its fixed charge security totalling £26,427,749.84. The Bank have been repaid in full.

Interim distributions totalling £2,086,087.06 have also been made to the second ranking secured creditor, Mr Ambrose. We anticipate further distributions being made to Mr Ambrose, the quantum and timing of which will depend on recoveries from Westair debt.

Mr Ambrose will suffer a shortfall on his debt and there will not be sufficient funds available to permit a distribution to HCC as third ranking secured creditor.

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 was only one Company employee who ranked as a preferential creditor. We have paid the Employee's preferential wage arrears claim (£800) and holiday pay claim (£414). As part of the conditions relating to the sale of the Site, the employee transferred to PHL, effective 14 February 2018.

3.3 Unsecured creditors

There will be a dividend to unsecured creditors via the prescribed part. The outcome for each creditor will depend on the level of the sums recovered from the Company's debt due by Westair, and the final amount of creditors' claims admitted to rank as unsecured claims.

We have started to adjudicate on unsecured creditors' claims. There is no prospect of a dividend being paid to unsecured creditors other than by virtue of the prescribed part.

4 Joint Administrators' remuneration, disbursements and pre-administration costs

4.1 Joint Administrators' remuneration and disbursements

Time costs

From 15 February 2019 to 14 August 2019, we have incurred time costs of £34,410.25. These represent 77.55 hours at an average rate of £443.72 per hour.

Our total time costs from the date of our appointment on 15 February 2017 to 14 August 2019 are £947,862.75. This comprises 2,304.95 hours at an average rate of £411.23 per hour.

Disbursements

We have not incurred any disbursements during the period of this report.

Our total disbursements from the date of our appointment on 15 February 2017 to 14 August 2019 are £5,711.88, all of which have been drawn, after having received creditor approval.

Additional information

We have attached (Appendix 6) 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 15 February 2019 to 14 August 2019. We have also attached our charging and disbursements policy.

Joint Administrators' Remuneration and recovery of disbursements

Subject to approval from the secured and preferential creditors, our remuneration and disbursements 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 6.

We intend to seek approval from Mr Ambrose and HCC as the secured creditors and also from the preferential creditor for approval of remuneration of £34,410.25 plus VAT to be drawn out of floating charge realisations, for the period 15 February 2019 to 14 August 2019.

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 continue to liaise with the administrators of Westair in relation to recovery of sums due by Westair 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

- As appropriate, make further distributions to secured creditors;
- to adjudicate on 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 Leeds District Registry of the High Court has previously granted a 12 month extension to the period of the administration, which is currently due to end on 14 February 2020.

The Joint Administrators intend to apply to the Court to extend the period of administration for a period of 12 months to 14 February 2021. If any creditor wishes to object to this, they should write to the Joint Administrators no later than 31 October 2019, setting out their reasons for their objection.

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; or
- 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 intend to provide a further progress report within one month of 15 February 2020, 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, Garrets 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	Alistair McAlinden 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 outcome of the recovery of debt from Westair. The Prescribed Part is capped at the statutory maximum of £600,000.
Prescribed Part distribution	The Prescribed Part will be applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 3.3 - Unsecured creditors).
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 2020

Appendix 2 Joint Administrators' receipts and payments account

Cofton (Wales) Limited - in Administration			
Trading accounts			
Statement of Affairs (£)	From 15/02/2019 To 14/08/2019 (£)	From 15/02/2017 To 14/08/2019 (£)	
POST-APPOINTMENT SALES			
Sales	NIL	32,975.10	
Miscellaneous income	NIL	3,018.04	
	NIL	35,993.14	
TRADING EXPENSES			
Water rates	NIL	(199.86)	
Heat & light	NIL	(2,202.58)	
Telephone/Telex/Fax	NIL	(10.00)	
Professional fees	NIL	(5,500.00)	
Hire of equipment	NIL	(24,233.90)	
Repairs and maintenance	NIL	(4,191.25)	
	NIL	(36,337.59)	
Trading surplus/(deficit)	NIL	(344.45)	

Cofton (Wales) Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)	From 15/02/2019 To 14/08/2019 (£)	From 15/02/2017 To 14/08/2019 (£)	
FIXED CHARGE ASSETS			
37,626,000.00 Freehold property	NIL	30,000,000.00	
	NIL	30,000,000.00	
FIXED CHARGE COSTS			
Administrators' fees	NIL	(689,973.21)	
Administrators' expenses	NIL	(5,648.46)	
Legal fees	(20,000.00)	(191,200.00)	
Legal disbursements	(39.50)	(11,769.26)	
Agents'/Valuers' fees - Cromwell	NIL	(767,500.00)	
Agents'/Valuers' fees - Savills	NIL	(17,884.00)	
Employee costs	NIL	(49,678.21)	
Agents fees - PLP	NIL	(9,113.50)	
Security & maintenance costs	NIL	(4,485.60)	
Insurance	NIL	(8,243.19)	

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

Statement of affairs (£)		From 15/02/2019 To 14/08/2019 (£)	From 15/02/2017 To 14/08/2019 (£)
	IT costs	NIL	(3,443.87)
		(20,039.50)	(1,758,939.30)
	FIXED CHARGE CREDITORS		
(25,408,383.00)	Fixed charge creditor (1) - BOS	NIL	(26,427,749.84)
(2,984,251.00)	Fixed charge creditor (2) - PLA	(616,087.06)	(1,716,087.06)
(4,559,398.00)	Fixed charge creditor (3) - HCC	NIL	NIL
		(616,087.06)	(28,143,836.90)
	ASSET REALISATIONS		
3,225,000.00	Charge over Westair site	NIL	NIL
1,000,000.00	Restrictive covenant over Westair site	NIL	NIL
	Freehold property	NIL	50,000.00
8,978.00	Book debts	1,499,474.32	1,499,874.32
8,089.00	Tax refunds (pre-app'ent)	NIL	NIL
	Cash at bank	NIL	240.37
		1,499,474.32	1,550,114.69
	OTHER REALISATIONS		
	Bank interest, gross	1,961.77	8,217.16
150.00	Sundry refunds	NIL	64.82
	Trading surplus/(deficit)	NIL	(344.45)
		1,961.77	7,937.53
	COST OF REALISATIONS		
	Administrators' fees	(59,132.00)	(223,479.29)
	Administrators' expenses	(63.42)	(63.42)
	Agents'/Valuers' fees	NIL	(8,118.50)
	Agents'/Valuers' fees - Cromwell	(44,160.00)	(46,660.00)
	Legal fees	NIL	(12,773.40)
	Corporation tax	NIL	(25,373.73)
	Heat & light	NIL	(541.18)
	Storage costs	NIL	(69.93)
	Statutory advertising	NIL	(69.00)
	Other property expenses	NIL	(2,457.03)
	Insurance of assets	NIL	(87,360.00)
	Bank charges	(20.00)	(16,669.00)
		(103,375.42)	(423,634.48)
	PREFERENTIAL CREDITORS		

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

Statement of affairs (if)		From 15/02/2019 To 14/08/2019 (£)	From 15/02/2017 To 14/08/2019 (£)
(800.00)	Employees' wage arrears	NIL	(800.00)
	Employees' holiday pay	NIL	(414.48)
		NIL	(1,214.48)
	FLOATING CHARGE CREDITORS		
	Floating charge (2) - PLA	(370,000.00)	(370,000.00)
		(370,000.00)	(370,000.00)
	UNSECURED CREDITORS		
(7,462,116.00)	Trade & expense	NIL	NIL
	Employees	NIL	(0.37)
		NIL	(0.37)
	DISTRIBUTIONS		
(1,453,269.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
		391,934.11	860,426.69
	REPRESENTED BY		
	Floating charge current		860,426.69
			860,426.69

Note – the above includes an indicative allocation between fixed and floating charge costs, a full Scheme of Division is to be prepared for the purposes of finalising fixed and floating charge accounts

Appendix 3 Schedule of expenses

Summary of Expenses from appointment					
Total for Administration					
Expenses (£)	Narrative	Initial Estimates (£)	Paid to date (£)	Future costs (£)	Total (£)
Trading expenses					
Water rates		0.00	199.86	0.00	199.86
Heat & light		0.00	2,202.58	0.00	2,202.58
Telephone/Telex/Fax		0.00	10.00	0.00	10.00
Professional fees		0.00	5,500.00	0.00	5,500.00
Hire of equipment		0.00	24,233.90	0.00	24,233.90
Repairs and maintenance		0.00	4,191.25	0.00	4,191.25
Fixed charge costs*					
Administrators' fees		0.00	689,973.21	0.00	689,973.21
Administrators' expenses		0.00	5,648.46	0.00	5,648.46
Legal fees		0.00	191,200.00	0.00	191,200.00
Legal disbursements		0.00	11,769.26	0.00	11,769.26
Agents'/Valuers' fees - Cromwell		0.00	767,500.00	0.00	767,500.00
Agents'/Valuers' fees - Savills		0.00	17,884.00	0.00	17,884.00
Employee costs		0.00	49,678.21	0.00	49,678.21
Agents fees - PLP		0.00	9,113.50	0.00	9,113.50
Security & maintenance costs		0.00	4,485.60	0.00	4,485.60
Insurance		0.00	8,243.19	0.00	8,243.19
IT costs		0.00	3,443.87	0.00	3,443.87
Cost of realisations*					
Administrators' fees		0.00	223,479.29	0.00	223,479.29
Administrators' expenses		0.00	63.42	0.00	63.42
Agents'/Valuers' fees		0.00	8,118.50	0.00	8,118.50
Agents'/Valuers' fees - Cromwell		0.00	51,660.00	0.00	51,660.00
Legal fees		0.00	12,773.40	0.00	12,773.40
Corporation tax		0.00	25,373.73	0.00	25,373.73
Heat & light		0.00	541.18	0.00	541.18
Storage costs		0.00	69.93	0.00	69.93
Statutory advertising		0.00	69.00	0.00	69.00
Other property expenses		0.00	2,457.03	0.00	2,457.03
Insurance of assets		0.00	87,360.00	0.00	87,360.00
Bank charges		0.00	16,669.00	0.00	16,669.00
TOTAL		0.00	2,223,911.37	0.00	2,223,911.37

* - indicative allocation between fixed and floating charge costs, full Scheme of Division to be prepared for the purposes of finalising fixed and floating charge accounts

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

Whilst our summary of expenses (excluding administrator's remuneration) above totals £1.31 million to date, we currently anticipate total expenses (excluding administrator's remuneration) to total approx £1.52 million (as shown at Appendix 5). This is subject to 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 Kristian Bell at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG.

Appendix 4 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
Administration & Planning				
Bankrupt/Director/Member		1.25	530.00	424.00
Cashiering	1	62.40	19,841.00	317.96
General	2	16.40	5,422.50	330.64
Statutory and compliance	3	408.75	203,913.50	498.87
Tax	4	148.55	55,871.25	376.11
Creditors				
Creditors and claims	5	241.40	94,322.50	390.73
Employees	6	199.95	58,782.75	293.99
Investigations				
Directors	7	44.55	14,390.25	323.01
Investigations	8	3.10	679.50	219.19
Realisation of Assets				
Asset Realisation	9	1,182.10	511,462.50	432.67
Trading				
Trading	10	101.00	34,830.50	344.86
Total		2,409.45	1,000,046.25	415.05

The administrator's fees estimate has increased by £33,300 since our last progress report. This is as a result of additional time spent liaising with the Westair administrator in respect of recovery of the debt due by that entity.

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 the preferential creditors of the Company.

Below is further detail of the work to be undertaken for this engagement:

Note 1

A new bank account has been opened and will be maintained during the administration; receipts and payments will be processed and reconciled.

Note 2

General time will be spent on administration matters, such as handling and accessing the Company books and records.

Note 3

We will be required to comply with our statutory obligations throughout the duration of the administration. Time will be spent planning, updating the strategy for the administration, and



ensuring all other statutory requirements are addressed.

Note 4

Time will be spent reviewing pre-appointment corporation tax and VAT returns, preparing and submitting post-appointment statutory returns and dealing with general corporation tax and VAT issues throughout the administration.

Note 5

Liaising with creditors regarding the progress of the administration, responding to general enquiries, preparing creditor reports, seeking approval for the administrators' proposals, adjudicating on creditor claims and paying a dividend to creditors.

Note 6

Time spent corresponding with employees of the Company, excluding in relation to claims and trading matters, which are included within the appropriate headings.

Note 7

Liaising with the Directors regarding the Statement of Affairs; the request that Directors' Questionnaires be completed; and other general queries about the Company's operations.

Note 8

As part of our statutory obligations, we are required to formally investigate the affairs of the Company and the conduct of Directors prior to the Joint Administrators' appointment.

Note 9

Estimated time costs to realise the Company's assets. In this case this includes significant time in relation to realising the Company's freehold property and for recovering sums due from Westair.

Note 10

Time costs in relation to the trading of the Company's business post administration, including working with customers, suppliers, employees and the landlord. Preparation of cashflow projections, customer contracts, supplier agreements, organising payrolls and payments of other employee benefits.

Appendix 5 Joint Administrators' revised expenses estimate

Summary of Expenses from appointment	
Expenses (if)	Total for Administration Revised Estimates (£000)
Legal fees	220
Agents' fees	891
Marketing outlays	23
Administrative costs (Payroll, IT, etc)	21
Insurance	99
Site investigation reports	8
Leased equipment	26
Security	7
Employees payroll costs	56
Other costs (including provision)	167
Total	1,518

Notes

Our estimate of expenses remains in line with our previous progress report. This summary is set out for guidance purposes only and is subject to change based on the circumstances of the administration.

Appendix 6 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 Kristian Bell on 0131 222 2000.

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: Cofon (Wales) Limited – in administration	
Grade	From 01 Jan 2019 £/hr
Partner	655
Director	590
Senior Manager	535
Manager	445
Senior Administrator	310
Administrator	225
Support	140

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 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.

Narrative of work carried out for the period 15 February 2019 to 14 August 2019

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ posting information on a dedicated web page; ■ preparing statutory receipts and payments accounts; ■ arranging bonding and complying with statutory requirements; and ■ 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, ■ 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; ■ 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, and ■ 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 secured creditors regarding the progress of the administration and case strategy
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; and ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<ul style="list-style-type: none"> ■ 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; and ■ dealing with post appointment tax compliance.
General	<ul style="list-style-type: none"> ■ finalising the sale of the former railway line site, and agreeing final accounts for all suppliers in relation to site management operations; ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ drawing remuneration in accordance with the basis which has been approved by the secured creditors, and ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	<ul style="list-style-type: none"> ■ continuing discussions and correspondence with the administrators of Westair in relation to the sale of the Westair site, and the subsequent distribution payable to the Company, and ■ dealing with issues associated with the sale of assets
Creditors and claims	<ul style="list-style-type: none"> ■ 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; ■ making distributions to secured creditors; and ■ drafting our progress report

SIP 9 –Time costs analysis

SIP 9 –Time costs analysis (15/02/2019 to 14/08/2019)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	1.40	434.00	310.00
Reconciliations (& IPS accounting reviews)	1.20	372.00	310.00
General			
Fees and WIP	0.50	138.00	276.00
Mail redirection	1.30	292.50	225.00
Statutory and compliance			
Checklist & reviews	0.10	22.50	225.00
Closure and related formalities	0.30	106.50	355.00
Reports to debenture holders	11.30	6,111.50	540.84
Statutory receipts and payments accounts	1.10	247.50	225.00
Strategy documents	2.50	1,238.50	495.40
Tax			
Post appointment corporation tax	8.65	2,732.75	315.92

SIP 9 –Time costs analysis (15/02/2019 to 14/08/2019)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Post appointment VAT	3.20	1,648.50	515.16
Creditors			
Creditors and claims			
Agreement of claims	0.60	231.00	385.00
Agreement of unsecured claims	8.10	3,469.50	428.33
General correspondence	8.40	2,775.00	330.36
Payment of dividends	2.10	1,222.50	582.14
Statutory reports	7.90	3,207.50	406.01
Employees			
Correspondence	0.10	31.00	310.00
Realisation of assets			
Asset Realisation			
Debtors	0.40	214.00	535.00
Freehold property	18.40	9,915.50	538.89
Total in period	77.55	34,410.25	443.72

Brought forward time (appointment date to SIP 9 period start date)	2,227.40	913,452.50
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	77.55	34,410.25
Carry forward time (appointment date to SIP 9 period end date)	2,304.95	947,862.75

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 7 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
Opus	Opus International Consultants (UK) Ltd
PLP	PLP Consultancy Ltd
Property agents	Cromwell, Savills & PLP
Secured creditors	The Bank, Mr Ambrose and HCC
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 8 Notice: About this report

This report has been prepared by Alistair McAlinden and Blair Carnegie 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.

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.

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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