

AM10

Notice of administrator's progress report



Companies House

THURSDAY



A34 *A7EF5PZS* 13/09/2018 #36
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	8
To date	d	1	d	4	m	0	m	8	y	2	y	0	y	1	y	8

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

g. A. -

X

Signature date

d	1	d	0	m	0	m	9	y	2	y	0	y	1	y	8
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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 2018
to 14 August
2018

Cofton (Wales) Limited - in
Administration

10 September 2018

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 2018 to 14 August 2018.
- On 15 February 2017 the Bank lodged a notice of appointment of administrators at the High Court Leeds District Registry, and Blair Nimmo and I 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 have been approved on 26 April 2017. This report should be read in conjunction with our Proposals and our previous Progress Reports.
- The Company, incorporated in 2000, operated as a property development company for a single development site located at Llanilid, South Wales, most of which comprises a former open cast coal mine. The total site encompassed approximately 1,100 acres of which 780 acres were owned by the Company ('the Site'), with an intersecting area being owned by Westair Properties Limited - in Administration ('Westair'). The Company also has a debt due by Westair which is secured by a first ranking charge over part of the Westair site.
- Following a marketing process led by our property agents, a sale of the Site to Persimmon Homes Limited ('PHL') completed on 14 February 2018, for a consideration of £30 million plus VAT. (Section 2 - Progress to date).
- We retain ownership over a small residual tranche of land forming an ex-railway line to the north of the Site. An offer has been accepted and we expect to complete the sale within the next month. (Section 2 - Progress to date).
- A summary of our costs has been provided at section 2.3 - a detailed breakdown can be seen in the receipts and payments account at Appendix 2. (Section 2 - Progress to date).
- A Summary of costs which have been incurred in the period but not yet paid have been provided at section 2.4 - a detailed breakdown can be found at Appendix 3. (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 Site, the employment of the Company's sole employee was transferred to PHL under the terms of the sale. 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 through the Prescribed Part, although we do expect a Prescribed Part distribution to be declared. The timing and quantum of dividend will depend upon sums recovered from the administration of Westair. (Section 3 - Dividend prospects).
- From 15 February 2018 to 14 August 2018 we have incurred time costs of £114,356.75. No disbursements have been incurred in the period. (Section 4 - Joint Administrators' remuneration and disbursements).
- We will 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).
- We will commence adjudication on unsecured creditors' claims in anticipation of making a prescribed part distribution in due course. (Section 5 - Future strategy).

- The administration is currently due to end on 14 February 2019. We intend to apply to Court to extend the period of the administration by a period of 12 months to 14 February 2020. If any creditor wishes to object to this, they should do so in writing no later than 31 October 2018. (Section 5 - Future strategy).
- A further progress report will be provided within one month of 14 February 2019 or earlier if the administration has been completed prior to that time. (Section 5 - Future strategy).
- Please note: you should read this progress report in conjunction with our previous progress report 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.



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 previous progress report.

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').

Property disposals

We completed a sale of the Company's main Site to PHL on 14 February 2018. Please refer to section 2.2 for further details on the sale processes.

The Company also owns a small residual site to the North of the main site, comprising a former railway line. We have accepted an offer to sell this and expect the sale to complete within the next month.

Westair

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 extensive correspondence with the administrators of Westair in relation to the sale of the Westair site, and the subsequent distribution to the Company. We anticipate that a distribution will be received within the next 12 months.

2.2 Asset realisations

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

Property disposal - main Site

On 14 February 2018, we sold the Company's main Site to PHL for £30 million plus VAT. The sale included the release of the restrictive covenant over the Westair site, which prevented it from being used for anything other than a restricted list of uses (e.g. film studios, golf course, theme park etc.).

Property disposal - "former railway line" site

We commenced marketing of this secondary site in July 2018 and sent a closing date for indicative offers on 28 August 2018. A number of offer were received, one of which has been accepted. We anticipated the sale completing late September 2018. The terms of the sale are commercially sensitive and we cannot comment further at this time.

2.3 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 payments made during the period are provided below:

Administrators' fees and expenses

In the period, administrators' fees of £739,963.75 were paid, split £659,556.75 as a fixed charge fees and £80,407.00 as a floating charge fee. Administrators' expenses of £5,648.46 were also paid in the period.

Agents' fees

In line with agreed terms, we have paid Cromwell £700,000 in respect of sales commission for the sale of the Company's main Site, management fees, and for providing strategic advice. Cromwell engaged with Savills on a subcontract basis, and part of this fee will be remitted by Cromwell to Savills.

Hire of equipment

Costs of £2,267 have been incurred in the period which relate to the hire of equipment including, site offices, machinery and vehicles which was required to manage and maintain the Site.

Corporation tax

Corporation tax of £25,374 was paid in the period and relates to the 12 month period from the Joint Administrators' appointment on 15 February 2017 to 14 February 2018.

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.

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 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 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.

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. This includes £12,411.87 paid in the period covered by this report. The Bank have been repaid in full.

Interim distributions totalling £1,100,000 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.

Based upon our current estimates, we anticipate 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

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. 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 2018 to 14 August 2018, we have incurred time costs of £114,356.75. These represent 258.85 hours at an average rate of £441.79 per hour. The allocation of this between fixed charge costs and floating charge costs, together with a note of the fee approval processes, are set out below.

Our total time costs from the date of our appointment on 15 February 2017 to 14 August 2018 are £854,320.50. This comprises 2,093.00 hours at an average rate of £408.18 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 February 2018 are £5,648.46, and these have been drawn out of fixed charge realisations, 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 2018 to 14 August 2018. We have also attached our charging and disbursements policy.

Joint Administrators' Remuneration

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 the Bank, Mr Ambrose and HCC as the secured creditors and also from the preferential creditor for approval of the following remuneration for the period 15 February 2018 to 14 August 2018:

- remuneration of £30,416.46 plus VAT to be drawn out of fixed charge realisations; and
- remuneration of £83,940.29 plus VAT to be drawn out of floating charge realisations.

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 disposal of the Westair site and the subsequent distribution to the Company;
- to complete the sale of the "former railway line" site;
- 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 administration is currently due to end on 14 February 2019. The Joint Administrators intend to apply to the Court to extend the period of administration for a period of 12 months to 14 February 2020. If any creditor wishes to object to this, they should write to the Joint Administrators no later than 31 October 2018, setting out any 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 will provide a further progress report within one month of 14 February 2019 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 outcome of the recovery of debt from Westair. 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 2019

Appendix 2 Joint Administrators' receipts and payments account

Cofton (Wales) Limited - in Administration			
Trading accounts			
Statement of Affairs (£)		From 15/02/2016 To 14/06/2018 (£)	From 15/02/2017 To 14/06/2018 (£)
POST-APPOINTMENT SALES			
Sales		36.33	35,993.14
		<u>36.33</u>	<u>35,993.14</u>
TRADING EXPENSES			
Water rates		(25.15)	(199.86)
Heat & light		(769.17)	(2,743.76)
Telephone/Telex/Fax		NIL	(10.00)
Professional fees		(800.00)	(5,500.00)
Hire of equipment		(2,266.90)	(24,233.90)
Repairs and maintenance		NIL	(4,191.25)
		<u>(3,861.22)</u>	<u>(36,878.77)</u>
Trading surplus/(deficit)		(3,824.89)	(885.63)

Cofton (Wales) Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 15/02/2016 To 14/06/2018 (£)	From 15/02/2017 To 14/06/2018 (£)
FIXED CHARGE ASSETS			
37,626,000.00	Freehold property	NIL	30,000,000.00
		<u>NIL</u>	<u>30,000,000.00</u>
FIXED CHARGE COSTS			
	Administrators' fees	(659,556.75)	(659,556.75)
	Administrators' expenses	(5,648.46)	(5,648.46)
	Legal fees	NIL	(171,800.00)
	Legal disbursements	NIL	(11,729.76)
	Agents'/Valuers' fees - Cromwell	(700,000.00)	(767,500.00)
	Agents'/Valuers' fees - Opus	NIL	(8,118.50)
	Agents'/Valuers' fees - Savills	NIL	(17,884.00)
	Employee costs	(420.53)	(49,678.21)
	Agents fees - PLP	NIL	(9,113.50)
	Security & maintenance costs	NIL	(4,485.60)

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

Statement of affairs (f)		From 15/02/2016 To 14/06/2016 (f)	From 15/02/2017 To 14/06/2018 (f)
	Other property expenses	(352.86)	(2,457.03)
	Insurance of assets	NIL	(96,477.52)
	IT costs	NIL	(3,443.87)
		(1,365,978.60)	(1,807,893.20)
	FIXED CHARGE CREDITORS		
(25,408,383.00)	Fixed charge creditor (1) - BOS	(12,411.87)	(26,427,749.84)
(2,984,251.00)	Fixed charge creditor (2) - PLA	(1,100,000.00)	(1,100,000.00)
(4,559,398.00)	Fixed charge creditor (3) - HCC	NIL	NIL
		(1,112,411.87)	(27,527,749.84)
	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	NIL	400.00
8,089.00	Tax refunds (pre-app'ent)	NIL	NIL
		NIL	400.00
	OTHER REALISATIONS		
	Bank interest, gross	4,568.61	4,569.82
150.00	Sundry refunds	NIL	64.82
	Trading surplus/(deficit)	(3,824.89)	(885.63)
		743.72	3,749.01
	COST OF REALISATIONS		
	Administrators' fees	(80,407.00)	(80,407.00)
	Corporation tax	(25,373.73)	(25,373.73)
	Statutory advertising	NIL	(69.00)
	Bank charges	(1,043.79)	(16,649.00)
		(106,824.52)	(122,498.73)
	PREFERENTIAL CREDITORS		
(800.00)	Employees' wage arrears	NIL	(800.00)
	Employees' holiday pay	NIL	(414.48)
	Conts. to pension schemes	(209.32)	NIL
		(209.32)	(1,214.48)
	UNSECURED CREDITORS		
(7,462,116.00)	Trade & expense	NIL	NIL
	Employees	NIL	(0.37)

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

Statement of affairs (f)		From 15/02/2018 To 14/06/2018 (f)	From 15/02/2017 To 14/06/2018 (f)
		NIL	(0.37)
DISTRIBUTIONS			
(1,453,269.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
		(2,584,680.59)	544,792.39
REPRESENTED BY			
	Current bank account		544,721.82
	VAT receivable		70.57
			544,792.39

Appendix 3 Schedule of expenses

Schedule of expenses to 14/08/2018			
Expenses (£)	Incurred and paid to date (£)	Incurred in the period not yet paid (£)	Total (£)
Trading expenses			
Water rates	199.86	-	199.86
Heat & light	2,743.76	-	2,743.76
Telephone	10.00	-	10.00
Professional fees	5,500.00	-	5,500.00
Hire of equipment	24,233.90	-	24,233.90
Repairs and maintenance	4,191.25	-	4,191.25
Fixed charge costs			
Administrators' expenses	5,648.46	-	5,648.46
Legal fees	171,800.00	-	171,800.00
Legal disbursements	11,729.76	-	11,729.76
Agents'/Valuers' fees - Cromwell	767,500.00	-	767,500.00
Agents'/Valuers' fees - Savills	17,884.00	-	17,884.00
Agents'/Valuers' fees - Opus	8,118.50	-	8,118.50
Employee costs	49,678.21	-	49,678.21
Agents fees - PLP	9,113.50	-	9,113.50
Security & maintenance costs	4,485.60	-	4,485.60
Insurance	96,477.52	-	96,477.52
Other property expenses	2,457.03	-	2,457.03
IT costs	3,443.87	-	3,443.87
Cost of realisations			
Corporation tax	25,373.73	-	25,373.73
Statutory advertising	69.00	-	69.00
Bank charges	16,649.00	-	16,649.00
TOTAL	1,227,306.95	-	1,227,306.95

Notes

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 above totals £1,227,307 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 Nick McGlinchey at 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	5	2,120.00	424.00
Cashiering - processing receipts, payments and bank reconciliations	52	15,429.96	296.73
General - books & records, fees & work in progress	23	7,679.47	333.89
Statutory and compliance - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	330	160,155.60	485.32
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	110	40,164.30	365.13
Creditors			
Creditors and claims - general correspondence, notification of appointment, statutory reports	260	96,857.80	372.53
Employees - correspondence	200	58,784.00	293.92
Investigation			
Directors - correspondence, statement of affairs, questionnaires	30	9,647.40	321.58
Investigations - director conduct and affairs of the Company	17	5,466.86	321.58
Realisation of assets			
Asset Realisation - including insurance of assets	1,180	504,355.60	427.42
Trading			
Trading - purchases, sales, cash projections	100	33,984.00	339.84
Total	2,307	934,644.99	405.95

Notes

The administrator's fees estimates remains in line with our second progress report. Whilst the final costs per category may turn out to be different to that indicated in the above table, we anticipate, based on the matters outstanding that the overall time costs for this case will be in the region of £935,000.

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' expenses estimate

Summary of Expenses from appointment	
Expenses (£)	Total for Administration Revised Estimates (£'000)
Legal fees	200
Agents' fees	871
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)	207
Total	1,518

Notes

Our estimate of expenses remains in line with our second 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 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.

Table of charge-out rates

Charge-out rates (£) for Cofton (Wales) Limited – in Administration	
Grade	From 01 Oct 2017 £/hr
Partner	625
Director	560
Associate director	510
Manager	425
Assistant manager	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 not incurred any disbursements during the period 15 February 2018 to 14 August 2018.

Narrative of work carried out for the period 15 February 2018 to 14 August 2018

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

	<ul style="list-style-type: none"> 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 main 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"> liaising with agents regarding the sale of the former railway line site; carrying out a marketing process for the former railway line site; engaging with bidders in relation to the sale of the former railway line site; 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.
Health and safety	<ul style="list-style-type: none"> liaising with 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.
Insurance	<ul style="list-style-type: none"> liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; and assessing the level of insurance premiums.
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.

Time costs

SIP 9 –Time costs analysis (15/02/2018 to 14/08/2018)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General cashiering	3.20	944.00	295.00
Reconciliations	0.70	206.50	295.00
General			
Books and records	1.20	354.00	295.00
Fees and WIP	2.20	649.00	295.00
Statutory and compliance			
Reports to debenture holders	46.50	24,690.00	530.97
Case strategy	7.80	3,876.00	496.92
Tax			
Post appointment corporation tax	27.90	10,601.50	379.98
Post appointment VAT	14.50	6,540.75	451.09

Creditors

SIP 9 –Time costs analysis (15/02/2018 to 14/08/2018)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Creditors and claims			
General correspondence	4.70	1,684.50	358.41
Payment of dividends	1.55	850.50	548.71
Secured creditors	3.80	1,636.50	430.66
Statutory reports	42.00	18,160.50	432.39
Employees			
Correspondence	6.50	1,917.50	295.00
Pensions	1.60	472.00	295.00
Realisation of assets			
Asset Realisation			
Freehold property (including Westair)	84.70	38,155.00	450.47
Purchases and trading costs	9.50	3,471.00	365.37
Rents	0.50	147.50	295.00
Total in period	258.85	114,356.75	441.79
Brought forward time (appointment date to SIP 9 period start date)	1,834.15	739,963.75	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	258.85	114,356.75	
Carry forward time (appointment date to SIP 9 period end date)	2,093.00	854,320.50	

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 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 8 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 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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