

The Insolvency Act 1986  
Liquidator's progress  
report

**S.192**

Pursuant to Section 92A and  
104A of the Insolvency Act 1986

To the Registrar of Companies

For official use

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Company Number

00770529

Name of Company

(a) Insert full name of  
company

(a) Monarch Realisations 2 Limited

(b) Insert full name(s) and  
address(es)

I/We (b) Russell Downs and Ian David Green both of PricewaterhouseCoopers LLP, 7 More  
London Riverside, London SE1 2RT

the liquidators of the company attach a copy of our progress report under section 192 of the  
Insolvency Act 1986 for the period 20 August 2015 to 19 August 2016

Signed



Date

17 October 2016

Presenter's name,  
address and reference (if  
any)

For Official Use

Liquidation Section

Post Room

THURSDAY



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COMPANIES HOUSE

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# ***Monarch Realisations 1 PLC and Monarch Realisations 2 Limited – in creditors' voluntary liquidation***

Joint Liquidators' progress report to members  
and creditors for the year to 19 August 2016

17 October 2016



**To all known members and creditors**

17 October 2016

Dear Sir/Madam

**Monarch Realisations 1 PLC and Monarch Realisations 2 Limited – in creditors' voluntary liquidation (the "Companies")**

This is our seventh progress report to members and all known creditors in the above liquidations for the period 20 August 2015 to 19 August 2016

If you have any queries in connection with this report, please contact Carly Barrington on +44 (0) 207 213 3387.

Yours faithfully



Russell Downs  
Joint Liquidator

*Russell Downs and Ian Green have been appointed as Joint Liquidators of the Companies. The Joint Liquidators are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales*

*The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

*The Joint Liquidators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Liquidations.*

## Definitions used in this report

Definition used	Meaning
the Companies	Monarch Realisations 1 PLC and Monarch Realisations 2 Limited – in creditors' voluntary liquidation
the Liquidators	Russell Downs and Ian Green, Joint Liquidators of the Companies, having formerly acted as Joint Administrators
the Rules	Insolvency Rules 1986
the Act	Insolvency Act 1986
PLC	Monarch Realisations 1 PLC (in Liquidation)
Developments	Monarch Realisations 2 Limited (in Liquidation)
Bidco	Mother Bidco Limited (in Liquidation), the parent company
Preferential creditors	Primarily, former employees with claims for unpaid wages earned in the four months preceding the Administration up to a maximum of £800, holiday pay and in some circumstances, unpaid pension contributions
Prescribed part	The amount specifically set aside for unsecured creditors from floating charge realisations under the provisions of Section 176A of the Act and the Insolvency Act (Prescribed Part) Order 2003. Prescribed part funds are subject to a statutory maximum of £600,000 before allowable costs
ISA	Insolvency Services Account
HMRC	HM Revenue and Customs
Newco	McCarthy & Stone (Developments) Limited and McCarthy & Stone Retirement Lifestyles Limited
Senior Lenders	The secured senior lenders which participated in the financial restructuring of the wider McCarthy & Stone group in April 2009 and which became stakeholders in Newco
Schemes	Schemes of arrangement sanctioned by the High Court on 21 April 2009 between the Companies and their respective Senior Lenders

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# **1. Introduction**

## ***1.1. Why we're sending you this report***

This report provides a summary of

- The steps taken during the year to 19 August 2016,
- An update on our remuneration, and
- Outstanding matters

In Section 2 we provide more detailed information on what we've been doing during the period covered by this report

By law, we are required to give you certain statutory information, and this is included at Appendix A

## ***1.2. Estimated dividend prospects***

We set out in Section 3 the estimated outcome for the Companies' respective classes of creditors

## ***1.3. Closure***

Subject to discussions with Newco in respect of the remaining VAT assets referred to below, we currently anticipate that the Liquidations will be complete by the end of April 2017.

## ***2. Progress made during the period***

### ***2.1. Asset realisations***

In the period covered by this report, PLC received £225k, by way of a partial repayment of the costs of insolvency borne on Bidco's behalf under the terms of the PLC business sale of April 2009.

PLC also earned £750 of bank interest on funds invested. Developments' sole asset realisation was bank interest of £2,809

### ***2.2. Assets still to be realised***

#### ***Tax assets***

As advised previously, the business sale agreements to Newco provided that the Companies would pursue tax asset realisations for the benefit of Newco. To date, this has resulted in recoveries and savings of circa £44 million

Several claims of significant value are ongoing and remain subject to the outcome of decisions in complex, lead tribunal cases which continue to be appealed by HMRC. In light of the likely timeframe for a resolution of these claims, we have continued discussions with Newco regarding future strategy and the costs and benefit of ongoing pursuit

#### ***French subsidiaries***

In recent weeks, we have been made aware of certain property assets owned by PLC's French subsidiaries, which have not been sold by the former liquidator of those companies. We understand that the assets concerned were difficult to locate and of limited value and would require the appointment of a new liquidator to deal with them

Newco is the ultimate beneficiary of any further realisations from the French subsidiaries and we have agreed with Newco that no further steps will be taken other than to procure that PLC as shareholder does not become liable for any French statutory costs arising from the properties

### ***2.3. Other matters***

#### ***Schemes***

We remain in office as scheme administrators to facilitate the continued release of surplus funds to Newco in the place of the Senior Lenders as provided for by the Schemes. The Schemes will remain open until completion of the Liquidations

#### ***Liquidation Committees***

We continue to consult with the Liquidation Committees on material developments in the Liquidations

#### ***Tax***

We have filed corporation tax returns for the year ended 22 April 2015. HMRC has raised no queries on returns submitted to date. PLC has accounted to Developments and Bidco for their respective shares of VAT refunds received from HMRC.

### ***Investigations***

No matters have come to light during the period under review to suggest that we need to conduct any work additional to our review of the Companies' affairs prior to the Administration and in compliance with our obligations under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No 2



## **3. Outcome for creditors**

### **3.1. Secured creditors**

Amounts owed to secured creditors under the terms of debentures and cross guarantees at the date of the former Administrators' appointment totalled circa £898 million. Of this amount, circa £575 million of secured Senior Lender debt was discharged under the sale of the Companies' businesses leaving a balance of £323 million.

Assets excluded from the PLC and Developments sales of business are subject to security but secured creditors will suffer a shortfall as there are insufficient funds to enable the Liquidators' to repay them in full.

Amounts available for secured creditors comprise surplus floating charge funds less the prescribed part which is set aside for unsecured creditors (see below), and the associated costs of the Administrations and Liquidations of the Companies and of Bidco.

Under the terms of the wider restructuring, amounts distributable by the Companies to the Senior Lenders are directed to be paid to Newco. During the period under review, Developments and PLC have distributed to Newco £275,000 and £300,000 respectively. Combined distributions to Newco to 19 August 2016 totalled £11.5 million. Any further distributions will be made on completion of the Liquidations.

### **3.2. Preferential creditors**

As advised in earlier reports, no preferential claims made were made against the Companies by the staff employed when the Administrations commenced as all employee contracts were transferred to Newco.

Developments received preferential claims of £4,800 as a result of protective awards made by the Employment Tribunal in respect of former employees who had been made redundant some time before the Administration. These preferential claims were paid in full in March 2012.

### **3.3. Unsecured creditors**

#### **PLC**

Creditors will recall that earlier in the Liquidation, two unsecured dividends from prescribed part funds were declared and paid to PLC's unsecured creditors at a cumulative rate of 24.83 pence in the pound.

The partial recovery of costs from Bidco referred to above means that we're able to distribute a third and final prescribed part dividend on admitted claims of £328,100 in the near future.

#### **Developments**

On 18 May 2012, and in line with our earlier estimates, we distributed the maximum prescribed part fund, net of allowable costs, of £541,066. This represented a first and final dividend of 0.1634 pence in the pound on Developments' admitted unsecured claims totalling £330.4 million. There won't be any further dividends available to Developments' unsecured creditors.

## ***4. Liquidators' fees and other financial information***

### ***4.1. Our fees and disbursements***

The Companies' respective Liquidation Committees are responsible for fixing the bases and amounts of our remuneration and category 2 disbursements in respect of services provided by our own firm. The Liquidation Committees passed resolutions fixing our fees by reference to time properly given by us and our staff.

As stated above, surplus floating charge funds on completion of the Liquidations are ultimately payable to Newco in accordance with the terms of the financial restructuring. Accordingly, we have sought the approval of Newco to draw fees in regard to time costs incurred since 23 April 2012.

#### ***PLC***

Between 20 August 2015 and 19 August 2016 we incurred time costs of £40,252 for 103 hours work, which works out at an average hourly rate of £390.

To date, we have drawn fees of £409,335 for all periods up to 19 August 2015. We are currently seeking approval from Newco to draw fees in respect of our time costs from 20 August 2015 to 22 April 2016 of £26,564.

#### ***Developments***

Our time costs for the 12 months to 19 August 2016 were £81,630 for 164 hours work, which is an average hourly rate of £498.

To date, we have drawn fees in the Liquidation of £613,046. We are currently seeking approval from Newco to draw fees in respect of our time costs between 20 August 2015 and 22 April 2016 of £63,807.

Further details of our fees in respect of the Companies are included at Appendix D.

### ***4.2. Financial information***

Our receipts and payments accounts for the year to 19 August 2016 and statements of expenses are provided at Appendices B and C respectively.

### ***4.3. Creditors' rights***

If a creditor believes that a liquidator's remuneration is too high, the basis is inappropriate or the expenses incurred are excessive, they may apply to court provided certain conditions are met. Creditors also have the right to ask for more information. A guide for creditors can be found at

<http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/creditors%20guide%20to%20liquidators%20fees%20england%20and%20wales%20apr%2010%20ashx>

You can ask for a copy free of charge by calling Carly Barrington on +44 (0) 207 213 3387.

## ***Appendix A. - Statutory information***

<b>Names of companies:</b>	Monarch Realisations 1 PLC and Monarch Realisations 2 Limited
Registered numbers	01146644 and 00770529
Registered office	7 More London Riverside, London, SE1 2RT
Liquidators' names and address	Russell Downs and Ian David Green of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
Date of Liquidators' appointment	23 April 2010

# Appendix B. - Receipts and payments accounts

PLC	Total to 19 August 2015 £	Transactions 20 August 2015 to 19 August 2016 £	Total to 19 August 2016 £	Notes
<b>Receipts</b>				
Funds transferred from the Administration	1,092,360	-	1,092,360	
Pre appointment VAT refund	3,680,926	-	3,680,926	
Dividend from Monarch Realisations 2 Limited	422,779	-	422,779	
Recovery of costs from Mother Bidco Limited	113,226	225,000	338,226	
Reimbursement of postage and printing costs	460	-	460	
VAT refunds for associated companies	272,159	56,955	329,114	1
Interest	9,261	750	10,011	
Bank charges refund	33	-	33	
Investment income	1,557,293	-	1,557,293	
<b>Total</b>	<b>7,148,497</b>	<b>282,705</b>	<b>7,431,202</b>	<b>2</b>
<b>Payments</b>				
Payment of pre appointment VAT refund to purchaser	3,648,476	-	3,648,476	3
Payment of VAT refund to Monarch Realisations 2 Limited	224,484	40,095	264,579	
Payment of VAT refund to Mother Bidco Limited	61,002	16,860	77,862	
Joint Administrators' final fees	43,362	-	43,362	
Joint Administrators' final fees - Mother Bidco Limited	45,156	-	45,156	
Scheme Administrators' fees	1,950	-	1,950	
Scheme Administrators' expenses	3,567	-	3,567	
Joint Administrators' final disbursements (Category 1)	108	-	108	
Joint Administrators' final disbursements (Category 2)	117,815	-	117,815	4
Joint Liquidators' fees	379,924	29,411	409,335	5
Joint Liquidators' disbursements (Category 1)	22	7	29	
Joint Liquidators' disbursements (Category 2)	14,705	37,037	51,742	4
Joint Liquidators' fees - Mother Bidco Limited	172,735	-	172,735	
Joint Liquidators' disbursements - Mother Bidco Limited	2	-	2	
Insurance/bonding	3,568	1,784	5,352	
Room hire and statutory advertising	762	-	762	
Legal fees and disbursements	39,493	-	39,493	
Legal fees and disbursements - Mother Bidco Limited	30,607	-	30,607	
Corporation tax	1,489	321	1,810	
Postage, printing and other statutory costs	8,904	342	9,246	
Bank charges	230	30	260	
Net VAT receivable / (payable)	100,335	(21,892)	78,443	
Distribution to unsecured creditors	81,464	-	81,464	6
Release of funds recovered from French subsidiaries	1,521,334	-	1,521,334	
Release of funds to purchaser pursuant to the scheme	422,779	300,000	722,779	
<b>Sub total</b>	<b>6,924,273</b>	<b>403,995</b>	<b>7,328,268</b>	
<b>Cash in hand / (movement)</b>	<b>224,224</b>	<b>(121,290)</b>	<b>102,934</b>	<b>7</b>

## Notes

- 1) VAT refunds for PLC Developments and Bidco are claimed by PLC as representative member of the VAT group
- 2) No comparison has been made to the estimate of realisations in the directors' statement of affairs in the Administration as the Liquidation is a successor proceeding and realisations comprise surplus cash on completion of the Administration net of associated costs and recoveries in the Liquidation itself. All receipts are floating charge assets
- 3) As stated previously, the Joint Liquidators are working to recover tax assets which are payable to the Newcos per the terms of the wider financial restructuring and as directed by the secured creditors
- 4) Category 2 disbursements include the time costs for PwC Legal LLP in relation to work to strike off the dormant non trading companies within the wider group as envisaged under the terms of the business sale agreement and as approved by the Liquidation Committee and time costs of PwC France to realise assets from the French subsidiaries
- 5) The Joint Liquidators are remunerated on a time costs basis
- 6) Comprises a first dividend of 15.0206p in the £ declared on 18 May 2012 and a second of 9.8083p in the £ declared on 23 August 2012
- 7) Funds are held in an interest bearing bank account

Developments	Transactions 20 August 2015 to 19 August 2016			Notes
	Total to 19 August 2015 £	to 19 August 2016 £	Total to 19 August 2016 £	
<u>Receipts</u>				
Funds transferred from the Administration	10,189,768	-	10,189,768	
Pre appointment VAT refund	10,426	-	10,426	
Sale of preference shares	2,000,000	-	2,000,000	
Land contract deposits	37,027	-	37,027	
VAT refund from Monarch Realisations 1 PLC	211,157	40,095	251,252	
Sundry refunds	438	-	438	
Recovery of costs from third party	938	-	938	
Rate refund re excluded property	969	-	969	
Interest	36,689	2,809	39,498	
Corporation tax refund	1,276	-	1,276	
Bank charges refund	25	-	25	
Cancelled cheques	1,066	-	1,066	
Total	12,489,779	42,904	12,532,683	1
<u>Payments</u>				
Payment of refund to purchaser	292	-	292	2
Payment of pre appointment VAT refund to purchaser	10,426	-	10,426	2
Release of funds to purchaser pursuant to the scheme	10,500,000	275,000	10,775,000	3
Legal fees and disbursements	117,909	-	117,909	
Joint Administrators' final fees	108,024	-	108,024	
Scheme Administrators' fees	2,015	-	2,015	
Scheme Administrators' expenses	3,567	-	3,567	
Joint Administrators' final disbursements (Category 1)	724	-	724	
Joint Liquidators' fees	597,245	15,801	613,046	4
Joint Liquidators' disbursements (Category 1)	31	-	31	
Joint Liquidators' disbursements (Category 2)	3,236	-	3,236	
Statutory advertising	74	-	74	
Corporation tax	321	88	409	
Postage, printing and other statutory costs	3,481	-	3,481	
National insurance contributions	2,619	-	2,619	
Bank charges	470	101	571	
Distribution to preferential creditors	4,800	-	4,800	5
Distribution to unsecured creditors	541,066	-	541,066	6
Insurance/bonding	3,568	1,784	5,352	
Tax deducted on interest	1,380	499	1,879	
Net VAT receivable	111,475	3,160	114,635	
Total	12,012,724	296,433	12,309,157	
Cash in hand / (movement)	477,055	(253,529)	223,526	7

#### Notes

- 1) No comparison has been made to the estimate of realisations in the directors statement of affairs in the Administration as the Liquidation is a successor proceeding and realisations comprise surplus cash on completion of the Administration net of associated costs and recoveries in the Liquidation itself. All receipts are floating charge assets
- 2) As stated previously the Joint Liquidators are working to recover tax assets which are payable to the Newcos per the terms of the business sale agreement. Certain other refunds are also payable to Newco
- 3) Surplus funds are payable to the Newcos per the wider financial restructuring and scheme of arrangement as directed by the secured lenders
- 4) The Joint Liquidators are remunerated on a time costs basis
- 5) A first and final dividend of 100p in the £ was paid to preferential creditors on 6 March 2012
- 6) The maximum prescribed part of floating charge funds net of allowable costs was distributed to unsecured creditors by way of a dividend of 0.1634p in the £ on 18 May 2012
- 7) Funds are held in an interest bearing bank account

## Appendix C. - Expenses

The following tables provide details of our expenses and should be read in conjunction with Appendix B. Expenses are amounts properly payable by us as Liquidators from the estates and exclude distributions to creditors, VAT and the release of funds to Newco.

PLC	Brought forward from 19/08/15 £	Paid 20/08/15 to 19/08/16 £	Incurred but not yet paid £	Estimated future £	Anticipated total £
Joint Administrators' final fees	43,362	-	-	-	43,362
Joint Administrators' final fees - Mother Bidco Limited	45,156	-	-	-	45,156
Scheme Administrators' fees	1,950	-	-	-	1,950
Scheme Administrators' expenses	3,567	-	-	-	3,567
Joint Administrators' final disbursements (Category 1)	108	-	-	-	108
Joint Administrators' final disbursements (Category 2)	117,815	-	-	-	117,815
Joint Liquidators' fees	379,924	29,411	26,563	25,203	461,101
Joint Liquidators' disbursements (Category 1)	22	7	6	7	42
Joint Liquidators' disbursements (Category 2)	14,705	37,037	-	-	51,742
Joint Liquidators' fees - Mother Bidco Limited	172,735	-	-	-	172,735
Joint Liquidators' disbursements - Mother Bidco Limited	2	-	-	-	2
Insurance/bonding	3,568	1,784	-	-	5,352
Room hire and statutory advertising	762	-	-	775	1,537
Legal fees and disbursements	39,493	-	-	-	39,493
Legal fees and disbursements - Mother Bidco Limited	30,607	-	-	-	30,607
Corporation tax	1,489	321	-	350	2,160
Postage, printing and other statutory costs	8,904	342	-	350	9,596
Bank charges	230	30	-	90	350
	<u>864,399</u>	<u>68,932</u>	<u>26,569</u>	<u>26,775</u>	<u>986,675</u>

	Brought forward from 19/08/15 £	Paid 20/08/15 to 19/08/16 £	Incurred but not yet paid £	Estimated future £	Anticipated total £
<b>Developments</b>					
Legal fees and disbursements	117,909	-	-	35,000	152,909
Joint Administrators' final fees	108,024	-	-	-	108,024
Scheme Administrators' fees	2,015	-	-	-	2,015
Scheme Administrators' expenses	3,567	-	-	-	3,567
Joint Administrators' final disbursements (Category 1)	724	-	-	-	724
Joint Liquidators' fees	597,245	15,801	63,808	56,735	733,589
Joint Liquidators' disbursements (Category 1)	31	-	-	-	31
Joint Liquidators' disbursements (Category 2)	3,236	-	-	-	3,236
Statutory advertising	74	-	-	75	149
Corporation tax	321	88	-	80	489
Postage, printing and other statutory costs	3,481	-	-	350	3,831
National insurance contributions	2,619	-	-	-	2,619
Bank charges	470	101	-	60	631
Insurance/bonding	3,568	1,784	25	100	5,477
Tax deducted on interest	1,380	499	-	-	1,879
	<u>844,664</u>	<u>18,273</u>	<u>63,833</u>	<u>92,400</u>	<u>1,019,170</u>

# Appendix D. - Remuneration update

## D.1. Our charging policy and hourly rates

We and our team charge our time for the work we need to do in the Liquidations. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex, or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the Liquidations (including our cashiers, support and secretarial staff) charge time directly to the case and were included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time basis and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

Specialist departments with our firm, such as Tax and VAT are also used where expert advice was required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour.

Grade	Maximum rate per hour	Maximum rate per hour	Specialist maximum rate per hour	Specialist maximum rate per hour
	Up to 30 June 2016	From 1 July 2016	Up to 30 June 2016	From 1 July 2016
	(£)	(£)	(£)	(£)
<b>Partner</b>	825	840	1,130	1,250
<b>Director</b>	725	740	1,040	1,150
<b>Senior Manager</b>	550	560	875	970
<b>Manager</b>	470	480	630	700
<b>Senior Associate</b>	390	400	465	515
<b>Associate</b>	245	250	225	255
<b>Support Staff</b>	123	125	130	150

In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. PricewaterhouseCoopers LLP, or any successor firm, reserves the right to change the rates and grade structures. During the period covered by this report, the charge out rates were increased on 1 July 2016.

## D.2. Our work carried out during the year to 19 August 2016

Whilst this is not an exhaustive list, the key areas of work in the Liquidations have been as follows

Area of work	Activities completed	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Strategy and planning	<ul style="list-style-type: none"> <li>Team meetings to discuss case strategy</li> <li>Six monthly reviews of progress to 22 October 2015 and 22 April 2016</li> <li>Review of junior staff correspondence</li> <li>Consideration of the Joint Liquidators' position and stakeholders' interests in the context of outstanding matters</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing maintenance of the Liquidations</li> </ul>	<ul style="list-style-type: none"> <li>The Liquidators have a duty to act in the best interests of creditors as a whole, maintain proper records and manage costs</li> </ul>
Assets	<ul style="list-style-type: none"> <li>Liaising with lawyers who requested letter of consent for Land Registry from the Liquidators in respect of title restrictions</li> </ul>	<ul style="list-style-type: none"> <li>Asset realisations for the benefit of creditors</li> </ul>	<ul style="list-style-type: none"> <li>The Liquidators have a duty to act in the best interests of creditors as a whole, maintain proper records and manage costs</li> </ul>
Creditor claims / distributions	<ul style="list-style-type: none"> <li>Replying to creditor queries in response to progress report circulated for the year ended 19 August 2015</li> <li>Dealing with employer's liability claim</li> <li>Preparing for third distribution to PLC's creditors</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder management</li> </ul>	<ul style="list-style-type: none"> <li>The Liquidators have a duty to act in the best interests of creditors as a whole, maintain proper records and manage costs</li> </ul>
Accounting and treasury	<ul style="list-style-type: none"> <li>Reviewing, authorising and processing receipts and payments</li> <li>Carrying out periodic reconciliations of the Liquidations' bank accounts</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing maintenance of the Liquidations</li> </ul>	<ul style="list-style-type: none"> <li>Statutory duty to keep proper books and records to evidence transactions</li> </ul>
Reporting to appointor / committee	<ul style="list-style-type: none"> <li>Preparation of time costs analyses for the period 1 April 2015 to 19 August 2015</li> <li>Drafting report and resolutions to seek formal approval from Newco and the Liquidation Committees to draw our fees</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with creditors</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute</li> </ul>



Area of work	Activities completed	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
	<ul style="list-style-type: none"> <li>Preparation of updates for Newco in respect of the status of the Liquidations and possibility of an assignment of remaining VAT claims</li> <li>Distributing funds from PLC and Developments to Newco</li> <li>Preparing updated remuneration report for Newco for the period 20 August 2015 to 22 April 2016</li> </ul>		<ul style="list-style-type: none"> <li>In compliance with PLC's and Developments' obligations to realise tax and VAT assets for the benefit of Newco</li> <li>As required by the schemes</li> </ul>
Statutory and compliance	<ul style="list-style-type: none"> <li>Dealing with the various statutory, other regulatory and internal compliance procedures in the Liquidations</li> <li>Preparation, review and circulation of statutory receipts and payments accounts for the six months ended 22 October 2015 and 22 April 2016</li> <li>Preparation, review and circulation of progress reports to creditors and members for the year ended 19 August 2015</li> </ul>	<ul style="list-style-type: none"> <li>Required to meet statutory and regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>Required by statute or regulation</li> </ul>
Tax/VAT/Pensions	<ul style="list-style-type: none"> <li>Reviewing supporting transaction reports, preparing corporation tax computations for the year ended 22 April 2015 and arranging payment to HMRC</li> <li>Arranging recovery of input VAT from HMRC to PLC as the group representative</li> <li>Monitoring status of lead cases in regard to ongoing claims and correspondence with Newco in respect of the same</li> <li>Reviewing the current position in regard to assignment of VAT claims</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing maintenance of the Liquidations</li> <li>Asset realisations for the benefit of creditors</li> </ul>	<ul style="list-style-type: none"> <li>Governance</li> <li>To ensure tax accounting is accurate for the benefit of creditors as a whole</li> <li>Pursuit of VAT assets for the benefit of Newco as required under the business sale agreements</li> </ul>

### D.3. Our future work

We anticipate dealing with the following work streams and tasks on the assumption that the Liquidations are completed before the end of April 2017

Area of work	Activities to be completed	Estimated cost (£ subject to VAT)	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Strategy and planning	<ul style="list-style-type: none"> <li>Six monthly reviews of progress</li> <li>Review of junior staff correspondence</li> <li>Consideration of the Liquidators' position and stakeholders' interests in the context of outstanding matters</li> <li>Planning for closure of the Liquidations</li> </ul>	8,250	<ul style="list-style-type: none"> <li>The Liquidators have a duty to act in the best interests of creditors as a whole, maintain proper records and manage costs</li> </ul>
Assets	<ul style="list-style-type: none"> <li>Final queries and checks regarding Developments' land and title registrations</li> <li>Closing queries in regard to the French subsidiaries of PLC</li> </ul>	2,500	<ul style="list-style-type: none"> <li>As required under the Developments business sale agreement</li> </ul>
Creditor claims / distributions	<ul style="list-style-type: none"> <li>Replying to creditor queries in response to progress reports</li> <li>Dealing with sundry correspondence from Bidco noteholders</li> <li>Distributing the final prescribed part dividend to PLC's unsecured creditors</li> </ul>	5,750	<ul style="list-style-type: none"> <li>The Liquidators have a duty to act in the best interests of creditors as a whole, maintain proper records and manage costs</li> </ul>
Accounting and treasury	<ul style="list-style-type: none"> <li>Reviewing, authorising and processing receipts and payments</li> <li>Carrying out periodic reconciliations of the liquidations' bank accounts</li> <li>Closure of the accounts</li> </ul>	6,250	<ul style="list-style-type: none"> <li>Statutory duty to keep proper books and records to evidence transactions</li> </ul>
Reporting to appointor / committee	<ul style="list-style-type: none"> <li>Preparation of updates and remuneration reports for Newco as key stakeholder</li> </ul>	12,330	<ul style="list-style-type: none"> <li>Required by statute</li> <li>In compliance with PLC's and Developments' obligations under the schemes to account for surplus funds to Newco in place of secured senior lenders.</li> </ul>
Statutory and compliance	<ul style="list-style-type: none"> <li>Dealing with the various statutory, other regulatory and internal compliance procedures in the Liquidations</li> </ul>	20,500	<ul style="list-style-type: none"> <li>Required by statute or regulation</li> </ul>

Area of work	Activities to be completed	Estimated cost (£ subject to VAT)	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Tax/VAT/Pensions	<ul style="list-style-type: none"> <li>Preparation, review and circulation of statutory six monthly receipts and payments accounts</li> <li>Preparation, review and circulation of progress reports to creditors and members</li> <li>Calling of final members' and creditors' meetings</li> </ul>	26,358	<ul style="list-style-type: none"> <li>For the benefit of Newco under the provisions of the sale of business agreements of PLC and Developments</li> <li>In compliance with the Liquidators' duties as proper officers for tax</li> </ul>
	<ul style="list-style-type: none"> <li>Agreeing a strategy with Newco regarding the remaining VAT claims, including seeking legal input as needed</li> </ul>		
	<ul style="list-style-type: none"> <li>Preparing and filing final tax computations and seeking tax clearance</li> </ul>		
	<ul style="list-style-type: none"> <li>Preparing and filing VAT returns to recover input VAT on closing costs</li> </ul>		

#### ***D.4. Our relationships***

We have had no business or personal relationships with the parties who approve our fees or who provide services to the Liquidations where the relationship could give rise to a conflict of interest

#### ***D.5. Disbursements and payments to associates***

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying and communication facilities. These type of expenses are called "category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approval by the same party who approves our fees. Expenses paid to third parties are known as "category 1" disbursements.

Our expenses policy allows for all properly incurred expenses to be recharged to the Liquidations. Between 20 August 2015 and 19 August 2016 we incurred category 1 disbursements of £6 of postage costs in PLC. In PLC, we also incurred category 2 disbursements of £37,037 comprising time costs from our associate firm in France for its work in assisting with connection with the recovery of the distributions from the French subsidiaries. These costs were approved by Newco and the Liquidation Committee.

#### ***D.6. Details of subcontracted work***

No work, which we or our staff would normally do, was done by subcontractors in the period under review.

#### ***D.7. Legal and other professional firms***

We continue to retain Linklaters LLP, who were engaged in the preceding Administrations, to provide legal services. No legal fees were incurred during the year to 19 August 2016. All professional advisers' fees are reviewed and approved before payment. We're satisfied that the fees charged throughout the Liquidations are reasonable.

**D.8. Our time costs by grade and work area from 20 August 2015 to 19 August 2016**

**PLC**

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy and planning	-	-	7.45	0.30	6.70	0.45	-	14.90	6,698.55	449.57
Assets	-	-	-	-	-	0.20	-	0.20	45.00	225.00
Creditor claims/distributions	-	-	4.90	-	2.57	2.45	-	9.92	4,245.15	427.94
Accounting and treasury	-	-	1.60	0.40	6.27	5.05	0.35	13.67	4,081.30	298.56
Reporting to appointor/committee	-	-	11.80	0.30	0.40	7.60	-	20.10	8,689.00	432.29
Statutory and compliance	-	-	1.55	0.25	16.50	9.58	-	27.88	8,964.20	321.53
Tax/VAT/Pensions	1.62	0.61	0.28	1.75	9.14	3.00	0.20	16.60	7,529.10	453.56
<b>Total</b>	<b>1.62</b>	<b>0.61</b>	<b>27.58</b>	<b>3.00</b>	<b>41.58</b>	<b>28.33</b>	<b>0.55</b>	<b>103.27</b>	<b>40,252.30</b>	<b>389.78</b>

Brought forward from 19 August 2015 410,477.47

Overall time costs to 19 August 2016 450,729.77

**Developments**

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support	Total hours	Time cost £	Average hourly rate £
Strategy and planning	-	-	8.15	-	5.02	0.40	-	13.57	6,510.55	479.78
Assets	-	-	0.65	-	3.10	0.85	-	4.60	1,757.75	382.12
Creditor claims/distributions	-	-	3.70	-	2.05	0.75	-	6.50	2,988.25	459.73
Accounting and treasury	-	-	1.35	0.50	7.34	8.80	0.80	18.79	4,556.00	242.47
Reporting to appointor/committee	-	-	15.20	-	-	7.60	-	22.80	10,305.00	451.97
Statutory and compliance	-	-	1.55	0.55	11.32	9.08	-	22.50	7,240.00	321.78
Tax/VAT/Pensions	11.10	16.78	9.73	9.89	15.12	12.24	0.20	75.06	48,272.49	643.12
<b>Total</b>	<b>11.10</b>	<b>16.78</b>	<b>40.33</b>	<b>10.94</b>	<b>43.95</b>	<b>39.72</b>	<b>1.00</b>	<b>163.82</b>	<b>81,630.04</b>	<b>498.29</b>

Brought forward from 19 August 2015 636,603.53

Overall time costs to 19 August 2016 718,233.57