

**2.24B****Administrator's progress report**

Name of Company

First City Insurance Group Limited

Company number

02728925

In the  
High Court Manchester District Registry

[full name of court]

Court case number  
1359 of 2010

We

David James Costley-Wood  
KPMG LLP  
St James' Square  
Manchester  
M2 6DS  
United KingdomMichael Steven Walker  
St James' Square  
Manchester  
M2 6DS

Administrators of the above company attach a progress report for the period

from

27 October 2011

to

14 November 2011

Signed

Joint Administrator

Dated

14 November 2011

**Contact Details.**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Andrew Germaine

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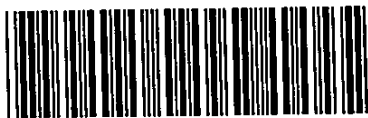
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When you have completed and signed this form please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

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COMPANIES HOUSE





**Firstcity Insurance Group Limited  
(in Administration)**

Final progress report to  
creditors  
for period 27 October 2011 to  
14 November 2011

KPMG LLP  
14 November 2011



*Firstcity Insurance Group Limited (in Administration)*  
*Progress Report for period 27 October 2011 to 14 November 2011*  
*KPMG LLP*  
*14 November 2011*

## About this Report

- This progress report has been prepared by David Costley-Wood and Michael Walker, the Joint Administrators of the Company, solely to comply with their statutory duty under the Insolvency Act 1986 ("the Act") and the Insolvency Rules 1986 (amended) ("the Rules") to provide creditors with an update on the progress of the Administration of the estate, 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 Act and the Rules does so at their own risk. To the fullest extent permitted by law, the office holders do not assume any responsibility and will not accept any liability in respect of this report.



## **Contents**

<b>1</b>	<b>Executive summary</b>	<b>1</b>
<b>2</b>	<b>Statement of proposals and fee proposals</b>	<b>2</b>
<b>3</b>	<b>Progress to date</b>	<b>2</b>
<b>4</b>	<b>Comments on the Appendices</b>	<b>3</b>
<b>5</b>	<b>Final Matters</b>	<b>4</b>
	<b>Appendix 1: Statutory information</b>	<b>5</b>
	<b>Appendix 2: Joint Administrators' receipts and payments accounts for the period 27 October 2011 to 14 November 2011</b>	<b>6</b>
	<b>Appendix 3: Analysis of office holders' time costs and charge out rates for the period 27 October 2011 to 14 November 2011</b>	<b>7</b>
	<b>Appendix 4: Schedule of expenses</b>	<b>9</b>
	<b>Appendix 5: Joint Administrators' original proposals</b>	<b>9</b>



## **1 Executive summary**

- David Costley-Wood and Michael Walker were appointed Joint Administrators of Firstcity Insurance Group Limited ("the Company") on 20 May 2010 by the High Court of Justice pursuant to paragraph 22 of Schedule B1 to the Act
- This progress report covers the period from 27 October 2011 to 14 November 2011
- The Joint Administrators' Statement of Proposals, with the exception of any proposals in relation to the Joint Administrators' fees was approved on 19 July 2010 pursuant to Rule 2.33 (5A) of the Rules. There have been no amendments to or major deviations from the proposals approved by creditors and these are attached at Appendix 5
- Insufficient funds have become available to enable a dividend to be paid to the unsecured creditors
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of Appendices
- The Joint Administrators were granted approval from the unsecured creditors to a 6 month extension of the Administration period to 19 November 2011
- All matters have been resolved and the Joint Administrators are now seeking the dissolution of the Company



David Costley-Wood  
Joint Administrator



## **2 Statement of proposals and fee proposals**

The Joint Administrators' Statement of Proposals was sent to all known creditors on 7 July 2010

Due to lack of funds the Joint Administrators decided not to convene a creditors' meeting and one was not subsequently requisitioned. As a result the Statement of Proposals, as circulated, was deemed to have been approved on 19 July 2010 pursuant to Rule 2.33(5A). The Joint Administrators subsequently obtained a resolution of creditors via correspondence in accordance with Rule 2.48 of the Insolvency Rules 1986 that

- The Joint Administrators will be authorised to draw fees on account from the assets of Firstcity Insurance Group Limited for the period 20 May 2010 to 19 November 2010 and from time to time for the period 20 November 2010 to the end of the Administration. Fees will be based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. Also, the Joint Administrators will seek approval to draw disbursements from time to time.
- That the costs of KPMG LLP in respect of HSE, Pension, Tax and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of Firstcity Insurance Group Limited.

Since their last report, the Joint Administrators were also granted approval by the unsecured creditors for the following resolution

- That the period of the administration be extended by consent from 20 May 2011 to 19 November 2011.

All matters have now been resolved and the Administration will now end on the filing of this report and accompanying form 2.35B at Companies House.

## **3 Progress to date**

### **3.1 Liabilities**

#### **3.1.1 Secured and preferential creditors**

The Company has no secured or preferential creditors.

#### **3.1.2 Unsecured creditors**

As previously reported, there are insufficient funds available to enable a distribution to be made to the unsecured creditors.



## **3 2 Expenses for the period**

### **3 2 1 Receipts and payments**

The receipts and payments for the period are set out in the attached Receipts and Payments Account at Appendix 2 and comments on the Appendices are set out in section 4 1

### **3 2 2 Office holders remuneration and expenses**

The office holders' time costs for the period of this report are attached at Appendix 3. This shows that in the period 27 October 2011 to 14 November 2011 time costs of £3,055 00 have been incurred, representing 14 60 hours at an average hourly rate of £209 25. The majority of this time has been incurred in preparing statutory progress and final reports for creditors. This brings total costs to date to £130,213 00.

The sum of £62,955 61+VAT has been drawn by the Joint Administrators in the period against these costs. This will be the Joint Administrators' first and final fee.

Any additional information with regards to the time and expense costs incurred to date can be requested by any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 2 48A of the Rules. This request must be made within 21 days of receipt of the report. The full text of that Rule can be provided on request. In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value excluding that creditors claim by making an application to court in accordance with Rule 2 109 of the Rules. The full text of this Rule can also be provided on request.

## **4 Comments on the Appendices**

### **4 1 Appendix 2: Receipts & payments account for the period 27 October 2011 to 14 November 2011**

#### **4 1 1 Receipts**

There were no receipts in the period.

#### **4 1 2 Payments**

As discussed in section 3 2 2, Joint Administrators' fees of £62,955 61 were paid in the period.

Due to the VAT structure of the group of companies, a certain element of the Firstcity Insurance Group's VAT is not able to be recovered. In the period, £4,462 13 of input VAT incurred was classed as unrecoverable.





## 4.2 **Appendix 3: Analysis of office holders' time and expense costs**

Total time costs incurred to date are £130,213.00

Since 27 October 2011, the Joint Administrators have been engaged in

- Statutory procedures and other appointment related formalities, this work includes correspondence with creditors, sourcing information for the purposes of the Administration, securing the Company's books and records and carrying out the statutory requirements of the Administration,
- Maintaining an Administration bank account
- Corresponding with and reporting to creditors, this work includes sourcing creditor information, liaising with creditors both in writing and verbally, dealing with creditors' queries and ongoing creditor correspondence,
- Final VAT returns and the application for corporation tax clearance, and
- Other related case closure formalities

## 5 **Final Matters**

As all matters have been resolved, the Joint Administrators are now seeking the dissolution of the Company

If you have any further queries please contact Andrew Germaine by phone on 0161 246 4732 or by email at [andrew.germaine@kpmg.co.uk](mailto:andrew.germaine@kpmg.co.uk)



## **Appendix 1: Statutory information**

### **Appointment**

Company name & Trading style	Firstcity Insurance Group Limited
Administration	The Administration Order granted in the High Court of Justice, Chancery Division, Manchester District Registry, Court No 1359 of 2010
Date of appointment	20 May 2010
Office holders details	David Costley-Wood is authorised to act as an insolvency practitioner by the ICAEW  Michael Walker is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association
Functions	The functions of the Administrators are being exercised by either or both of them in accordance with Paragraph 100(2) of Schedule B1 of the Act
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations

### **Company Information**

Company registration number	02728925
Previous registered office	13-15 Folgate Street, London, E1 6BX
Present registered office	KPMG LLP St James Square Manchester M2 6DS



*Firstcity Insurance Group Limited (in Administration)*  
*Progress Report for period 27 October 2011 to 14 November 2011*  
KPMG LLP  
14 November 2011

## **Appendix 2: Joint Administrators' receipts and payments accounts for the period 27 October 2011 to 14 November 2011**

**Firstcity Insurance Group Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 27/10/2011 To 14/11/2011	From 20/05/2010 To 14/11/2011
	ASSET REALISATIONS		
	Shares and investments	NIL	73 926 84
1 000 00	Cash at bank	NIL	1 000 00
		NIL	74 926 84
	OTHER REALISATIONS		
	Bank interest gross	NIL	30 71
	Sundry refunds	NIL	764 78
		NIL	795 49
	COST OF REALISATIONS		
	Administrators' fees	62 955 61	62 955 61
	Irrecoverable VAT	4 462 13	4 988 22
	Legal fees	NIL	7 500 00
	Statutory advertising	NIL	67 50
	Insurance of assets	NIL	211 00
		(67 417 74)	(75 722 33)
1,000 00		(67,417 74)	0 00

REPRESENTED BY

NIL



## Appendix 3: Analysis of office holders' time costs and charge out rates for the period 27 October 2011 to 14 November 2011

27/10/2011 to 14/11/2011

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			0 20		0 20	£35 00	£175 00
General							
Books and records			0 30		0 30	£52 50	£175 00
Fees and WIP			1 50		1 50	£262 50	£175 00
Statutory and compliance							
Strategy documents			0 10		0 10	£17 50	£175 00
Tax							
Post appointment VAT			1 30		1 30	£227 50	£175 00
Creditors							
Creditors and claims							
Statutory reports		2 00	9 20		11 20	£2 460 00	£219 64
<b>Total in period</b>					<b>14 60</b>	<b>£3 055 00</b>	<b>£209 25</b>
Brought forward time (appointment date to SIP9 period start date)					435 50	£127 158 00	£291 98
SIP9 period time (SIP9 period start date to SIP9 period end date)					14 60	£3 055 00	£209 25
Carry forward time (appointment date to SIP9 period end date)					450 10	£130 213 00	£289 30



**Chargeable rates from 1 April 2009**

<b>Grade</b>	<b>Rate per hour</b>
	<b>£</b>
Partner	515
Associate Partner	440
Director	440
Senior Manager	405
Manager	320
Assistant Manager	225
Assistant	165
Support	105

**Chargeable rates from 1 October 2010**

<b>Grade</b>	<b>Rate per hour</b>
	<b>£</b>
Partner	535
Associate Partner	460
Director	460
Senior Manager	425
Manager	345
Assistant Manager	240
Assistant	175
Support	110



## Appendix 4: Schedule of expenses

Section	Account	Accrued	Paid	Undisclosed in prior	Total
Cost of realisations	Administrators' fees	-	62,955 61	-	62,955 61
-	Irrecoverable VAT	-	4,462 13	-	4,462 13
			<b>67,417.74</b>		<b>67,417 74</b>
<b>TOTAL</b>			<b>67,417.74</b>		<b>67,417.74</b>

## **Appendix 5: Joint Administrators' original proposals**

The Joint Administrators propose the following

- to continue to do all such things reasonably expedient and generally exercise all their powers as contained in Schedule 1 to the Act as Joint Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company,
- to extend the administration period if deemed necessary by the Joint Administrators pursuant to paragraph 76 of schedule B1 to the Act,
- when it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties, to take the necessary steps to move the Company from administration to dissolution, pursuant to paragraph 84 of Schedule B1 to the Act. If the Joint Administrators consider that a distribution will be made to unsecured creditors of the Company, to take the necessary steps to move the Company into Creditors' Voluntary Liquidation pursuant to paragraph 83 of Schedule B1 to the Act,
- if Creditors' Voluntary Liquidation is deemed appropriate, the Joint Administrators will seek the appointment of David Costley-Wood and Michael Walker of KPMG LLP as Liquidators of Firstcity Insurance Group Limited. In accordance with paragraph 83(7) of Schedule B1 to the Act and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved,
- if one of the criteria set out in paragraph 79(2) of schedule B1 to the Act apply to the Company, to make an application to court to end the administration and, if deemed appropriate, to petition the court for the winding up of the Company. If appropriate, the Joint Administrators will, at the same time, apply to be appointed as Joint Liquidators under Section 140(1) of the Act,
- in the event that David Costley-Wood and Michael Walker are appointed Joint Liquidators then they will be allowed to act jointly and severally
- the Joint Administrators will be discharged from liability after the cessation of their appointment, in respect of any action of the Joint Administrators pursuant to paragraph 98(1) of Schedule B1 to the Act

In relation to Joint Administrators' fees

- that in the event that no creditors' committee is formed, or if no determination of the creditors' committee is reached, the Joint Administrators will be authorised to draw fees on account from the assets of Firstcity Insurance Group Limited Limited from time to time during the period of the administration based on time properly spent at





*Firstcity Insurance Group Limited (in Administration)*  
*Progress Report for period 27 October 2011 to 14 November 2011*  
*KPMG LLP*  
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KPMG LLP charge out rates as set out in Appendix 3. Also, the Joint Administrators will draw disbursements from time to time, and

- that the costs of KPMG LLP in respect of GSS, Pension, Tax and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of Firstcity Insurance Group Limited