

The Insolvency Act 1986

Administrators' progress report

Name of Company Aylesford Newsprint Holdings Limited	Company number 02816412
In the High Court of Justice [full name of court]	Court case number 1380 of 2015

(a) Insert full
name(s) and
address(es) of
administrator(s)

~~I/We~~ (a)

Robert Andrew Croxen
KPMG LLP
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Canary Wharf
London
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Neil David Gostelow
KPMG LLP
Arlington Business Park
Theale
Reading
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Joint Administrators of the above company attach a progress report for the period

(b) Insert dates from

to

(b) 2 July 2016

(b) 1 January 2017

Signed


Joint Administrator

Dated

24 January 2017

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.

James Rivers
KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

Tel 020 73118091

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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Joint
Administrators'
progress
report for the
period 2 July
2016 to 1
January 2017

Aylesford Newsprint Holdings
Limited - in Administration

23 January 2017

Notice to creditors

This progress report provides an update on the administration of the Company

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment

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

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

A glossary of the abbreviations used throughout this document is attached (Appendix 5)

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+AF223D2829.html> We hope this is helpful to you

Please also note that an important legal notice about this progress report is attached (Appendix 6).

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1 Executive summary

- This progress report covers the period from 2 July 2016 to 1 January 2017
- We intend to call on the indemnity provided by ANL shortly for sufficient funds to allow the administration costs and creditor claims to be settled (Section 2 - Progress to date)
- Unsecured creditor claims will be settled in full (Section 3 - Dividend prospects)
- During the previous period, the unsecured creditors granted a 12-month extension to the period of the administration
- The administration is currently due to end on 23 February 2017
- Please note you should read this progress report in conjunction with our previous progress reports and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+AF223D2829.html> Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT



Rob Croxen
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

ANHL/ANSL share sale

As explained in the previous progress report, the shares of ANSL, a wholly owned subsidiary of ANHL, were sold as part of a wider group transaction.

As a condition of this transaction we had secured an indemnity from ANL to settle the administration costs and creditor claims. The indemnity was to be funded from the sale of the CHP plant.

Following a sale of the CHP plant by ANL, we will be calling on the indemnity shortly.

2.2 Asset realisations

There have been no realisations to date. We have included a receipts and payments account in Appendix 2.

Rental deposit

Following correspondence between our lawyers and the landlord's lawyers the rental deposit is not recoverable.

No realisations are therefore expected.

2.3 Costs

There have been no payments made in the period. We have included a receipts and payments account in Appendix 2.

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).

3 Dividend prospects

3.1 Secured creditors

SFL have debentures (fixed and floating charges) over the assets of ANHL, ANL and ANSL.

SFL have been fully repaid by ANL which is in administration. As such SFL has released its debenture over the company.

3.2 Preferential creditors

We are not aware of any preferential claims against the Company

3.3 Unsecured creditors

Unsecured creditors will be paid in full

We expect to receive an indemnity payment from the ANL administration at the time of sending this progress report

The final dividend will be declared and paid shortly thereafter

4 Joint Administrators' remuneration and disbursements

Unsecured creditors have provided approval that our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff according to the charge-out rates included in Appendix 4

Time costs

From 2 July 2016 to 1 January 2017, we have incurred time costs of £30,984. These represent 83 hours at an average rate of £376 per hour.

Remuneration

During the period, we have not drawn any remuneration.

Disbursements

During the period, we have incurred disbursements of £83. None of these have yet been paid.

Additional information

We have attached (Appendix 4) 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 2 July 2016 to 1 January 2017. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to

Calling on the indemnity provided by ANL and obtaining sufficient funds to settle the administration costs and creditor claims.

5.2 Future reporting

We intend to provide our final progress report by 23 February 2017

However, if an extension request is necessary we will provide a further progress report to accompany the request

Appendix 1 Statutory information

Company information	
Company name	Aylesford Newsprint Holdings Limited
Date of incorporation	10 May 1993
Company registration number	02816412
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice, 1380 of 2015
Appointor	Directors
Date of appointment	24 February 2015
Joint Administrators' details	Rob Croxen and Neil Gostelow
Values of the Net Property and Prescribed Part	Net Property is £9,240 Prescribed Part is £4,620 The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3 3)
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	23 February 2017

Appendix 2 Joint Administrators' receipts and payments account

Aylesford Newsprint Holdings Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 02/07/2016 To 01/01/2017 (£)	From 24/02/2015 To 01/01/2017 (£)
FIXED CHARGE ASSETS			
14,560,040 00	Letter of credit	NIL	NIL
		NIL	NIL
FIXED CHARGE CREDITORS			
(14,530,880 00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
29,160 00		NIL	NIL

Appendix 3 Schedule of expenses

Schedule of expenses (02/07/2016 to 01/01/2017)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Joint Administrators' remuneration	0 00	30,983 50	30,983 50
Joint Administrators' disbursements	0 00	83 37	83 37
TOTAL	0 00	31,066 87	31,066 87

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 James Rivers at 15 Canada Square, Canary Wharf, London, E14 5GL

Appendix 4 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 James Rivers on 020 73118091.

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: Restructuring		
Grade	From 01 Oct 2015 £/hr	From 01 Nov 2016 £/hr
Partner	595	625
Director	535	560
Senior Manager	485	510
Manager	405	425
Senior Administrator	280	295
Administrator	205	215
Support	125	131

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

Category 1 disbursements These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows

Mileage claims fall into three categories

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate

We have incurred the following disbursements (excluding VAT) during the period 2 July 2016 to 1 January 2017

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Advertising	80 40		NIL		80 40
Courier & delivery costs	0 61		NIL		0 61
External printing	0 14		NIL		0 14
Postage	2 22		NIL		2 22
Total	83 37		NIL		83 37

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company

Narrative of work carried out for the period 2 July 2016 to 1 January 2017

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none"> ■ preparing statutory receipts and payments accounts, ■ arranging bonding and complying with statutory requirements, ■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ briefing of our staff on the administration strategy and matters in relation to various work-streams, ■ regular case management and reviewing of progress, including regular team update meetings and calls, ■ meeting with management to review and update strategy and monitor progress, ■ reviewing and authorising junior staff correspondence and other work, ■ dealing with queries arising during the appointment, ■ reviewing matters affecting the outcome of the administration, ■ allocating and managing staff/case resourcing and budgeting exercises and reviews, ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters, ■ complying with internal filing and information recording practices, including documenting strategy decisions
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of SFL 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, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<ul style="list-style-type: none"> ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, ■ analysing VAT related transactions, ■ dealing with post appointment tax compliance
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage
Asset realisations	<ul style="list-style-type: none"> ■ reviewing the inter-company debtor position between the Company and other group companies
Pensions	<ul style="list-style-type: none"> ■ ensuring compliance with our duties to issue statutory notices, ■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment
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, ■ agreeing unsecured claims, ■ drafting our progress report

Time costs

SIP 9 –Time costs analysis (02/07/2016 to 01/01/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	0 60	188 00	313 33
Reconciliations (& IPS accounting reviews)	0 90	244 50	271 67
General			

SIP 9 –Time costs analysis (02/07/2016 to 01/01/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Books and records	0 20	56 00	280 00
Fees and WIP	3 00	840 00	280 00
Statutory and compliance			
Appointment and related formalities	2 50	1,062 50	425 00
Checklist & reviews	4 20	1,333 50	317 50
Closure and related formalities	5 30	2,270 50	428 40
Statutory advertising	0 10	42 50	425 00
Strategy documents	23 70	9,607 00	405 36
Tax			
Post appointment corporation tax	6 40	2,558 00	399 69
Post appointment VAT	4 80	1,113 00	231 88
Creditors			
Creditors and claims			
Agreement of unsecured claims	0 20	85 00	425 00
General correspondence	0 50	190 00	380 00
Payment of dividends	3 00	950 00	316 67
Statutory reports	20 60	7,750 50	376 24
Realisation of assets			
Asset Realisation			
Other assets	6 50	2,692 50	414 23
Total in period	82 50	30,983 50	375 56

Brought forward time (appointment date to SIP 9 period start date)	446 84	176,996 70
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	82 50	30,983 50
Carry forward time (appointment date to SIP 9 period end date)	529 34	207,980 20

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 5 Glossary

ANHL/Company	Aylesford Newsprint Holdings Limited – in Administration
ANL	Aylesford Newsprint Limited – in Administration
ANSL	Aylesford Newsprint Services Limited – in Administration
CHP	Combined heat and power station
Group	ANHL together with, ANL ANSL
Joint Administrators/we/our/us	Rob Croxen and Neil Gostelow
KPMG	KPMG LLP
SFL/Secured creditor	Sitara Finance Limited
VAT	Value Added Tax

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively

Appendix 6 Notice About this report

This report has been prepared by Rob Croxen and Neil Gostelow, the Joint Administrators of Aylesford Newsprint Holdings Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 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 1986 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.

Robert Andrew Croxen and Neil David Gostelow are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

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