

The Insolvency Act 1986

Administrators' progress report

Name of Company Aylesford Newsprint Limited	Company number 02825694
In the High Court of Justice [full name of court]	Court case number 1379 of 2015

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

I/We (a)

Allan Watson Graham
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Robert Andrew Croxen
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

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

(b) Insert dates

from

to

(b) 24 August 2015

(b) 1 January 2016

Signed



Joint Administrator

Dated

25 January 2016

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.

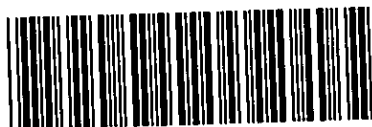
Mok Miah
KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

Tel 020 76946477

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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Aylesford Newsprint Limited - in Administration

Joint Administrators' progress report for the
period 24 August 2015 to 1 January 2016

25 January 2016

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+AF223A1449.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 24 August 2015 to 1 January 2016
- We have realised the remaining debtor balances and sold all the stock and plant and machinery (Section 2 - Progress to date)
- We are currently in the process of realising ANL's main asset, freehold land, with the assistance of our agents (Section 2 - Progress to date)
- It is likely that the Secured creditor will be paid in full (Section 3 - Dividend prospects and dividends paid)
- It is likely that the preferential creditors will be paid in full (Section 3 - Dividend prospects and dividends paid)
- It is likely that there will be a distribution for unsecured creditors, but the quantum and timing is largely dependent on the sale of the Company's freehold land (Section 3 - Dividend prospects and dividends paid)
- The administration is currently due to end on 23 February 2016. However, this progress report accompanies a request to all creditors to consider a 12-month extension to 23 February 2017 (Section 6 – 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+AF223A1449.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT



Allan Graham
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

Freehold land

As advised in our previous progress report, our Real Estate Advisory Services team continue to work closely with LSH, the appointed property agents, in realising the freehold land at Aylesford.

In this period we have had meetings with the local planning authority and also the local MP.

A high level master plan is being produced in support of our outline planning application for the site of which the initial draft should be completed in the near term.

We expect to be in a position to provide a further update in our next progress report.

Stock and debtors

As previously reported, we pursued a strategy where we would reach settlements with customers on their debtor balances due to the Company before we would agree to sell them stock that had been specifically produced for them.

We have completed stock sales and collected the remaining debtor balances.

By pursuing this strategy we maximised realisations for stock (£8.3 million) and debtors (£7.2 million).

Plant and machinery

Since our previous report, we have concluded the sale of the plant and machinery (heavy plant).

Following an extensive marketing campaign by our agents, discussions were held with a number of interested parties over a sale of the plant and machinery, in particular the paper machines and ancillary equipment.

In this period we have agreed the high level timetable with the buyer for the uplift of the plant and machinery which together with the demolition of the site should be completed sometime in the summer of 2017, at which point the site will be returned to us.

The site is now managed under CDM regulations by a principal contractor but overseen by the Administrators' staff, our specialist agents and retained employees.

Water abstraction licences

Discussions with a number of interested parties are ongoing.

In this period interested parties continue to carry out their due diligence which includes pumping tests to verify the abstraction rate and quality.

We also remain in contact with the water regulator, OFWAT, in relation to the sale of the abstraction licences.

For commercial reasons we are unable to elaborate further.



Decommissioning and permit surrender

Decommissioning of the site of hazardous waste and chemicals is now complete

We are working closely with specialist environmental consultants and retained employees to seek a low risk permit surrender with the Environment Agency. Extensive documentation has been submitted in this regard in support of the surrender application and a site inspection will be carried out by the Environment Agency shortly.

A successful surrender of the permit will remove on-going requirements (and costs) for the Company to comply with the permit conditions.

Demolition of the site will also not be possible until the Environment Agency permits have been surrendered.

Employees

We continue to retain 10 employees, mainly to assist with the uplift of the plant and machinery and in the CDM process.

2.2 Asset realisations

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

Summaries of the most significant realisations during the period are provided below.

Stock sales

A further £44,183 has been realised for stock sales during the period bringing total sales to date to £8.3 million. No further realisations are expected.

Plant and machinery

A sale of the plant and machinery was completed in September 2015 for £7.9 million. As a condition of the sale, the buyer has agreed to demolish the site and pay a proportion of the running costs going forward whilst they uplift the plant and machinery and demolish the site to an agreed timescale and specification.

An initial consideration of £5.0 million was paid on completion of the sale and the balance of £2.9 million was deferred until the middle of January 2016.

We have now received the deferred consideration of £2.9 million, although this does not fall within this period's receipts and payments account attached to this report.

In this period, we realised a further £30,100 from loose smaller plant that was not included in the sale of the paper machines.

Supply of electricity to third parties

ANL continues to provide electricity to third parties connected to the Company's electricity distribution system.

During the period we have realised £292,364 for providing electricity to these third parties. These realisations cover the actual electricity costs used by the third parties and contribute to the running and maintenance of ANL's electricity distribution system.



Due to the timetables for demolition of the site, we have served termination notices on the third parties, as such ANL will not be supplying electricity to the third parties beyond the end of July 2016

Recharge of costs

As mentioned in the plant and machinery section above, the buyer has agreed to pay a proportion of the site running costs

To date £137,150 has been received in this respect

Abstraction Licences

An exclusivity period was granted to an interested party over the sale of the water abstraction licence. A sum of £65,000 was received in this respect

However, the exclusivity period has now expired

Carbon credits

We arranged for emission audits to be carried out to determine the emission charges due by ANL for the pre-administration period

In this period ANL surrendered Carbon Credits to settle emission charges due and the remainder was realised and paid directly to SFL under its fixed charge. SFL received £1.3 million in this respect

Other assets

Further realisations are detailed in the attached receipts and payments account at Appendix 2 and include amongst others, sundry refunds, sundry debtors/receivables, rent, and interest accrued on funds held in the administration estate

Investigations

We continue to review the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors

2.3 Other issues

Retention of title / consignment stock

The process of agreeing to the return of retention of title or consignment stock (raw materials) is now complete

Water main works

In this period the route has now been agreed and South East Water's statutory water main works have started on site

We remain in discussions with South East Water over agreeing the terms of the easement

Legal proceedings

We continue to liaise with the Company's incumbent solicitors over a number of legal matters and as these claims are disputed we will continue to deal with these, as required, in order to minimise the impact to Company's creditors



2.4 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2)

Summaries of the most significant payments made during the period are provided below

Salaries and PAYE & NIC

During the period we have made payments totalling £339,465 towards salaries, which includes £91,160 in respect of PAYE & NIC

Operations and Decommissioning

In the period we have made payments for haulage, site operating costs and specialist environmental contractors which were necessary to assist with the sale of stock, plant and machinery and the decommissioning process and amount to £383,526

Utilities

We have paid £982,898 during the period for utilities required for the decommissioning process. This includes payments for third party electricity usage, which we receive from the third parties in advance

Environmental / Licence fee

Payments of £77,599 have been made to the Environment Agency mainly in respect of water abstraction licences during the period

Legal fees

During the period covered by this report we have paid our solicitors, Gateley LLP, £90,178 for their assistance on various matters, including the sale of plant and machinery, advice regarding property, preparing the freehold site for sale, and ad-hoc legal matters

In addition to the above, we have also paid Dentons UKMEA LLP £66,079 in relation to defending a claim disputed by the Company

Agents' fees

We have paid agents' fees of £346,832 for costs in relation to dealing with the property, in particular planning and associated matters as detailed in Section 2.1 and the disposal of the Company's plant and machinery as detailed in Section 2.2

Other costs

Further costs are detailed in the attached receipts and payments account at Appendix 2 and include amongst others, insurance of assets, consultant's fees, storage costs and telephone costs

2.5 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3)

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below



Operations and Decommissioning

Further payments have been made following the period of this report for haulage, security and services/contractors which were necessary for asset realisations and the decommissioning process amount to £98,907. Site operating costs will be ongoing until the Company vacates site.

Agents'/Valuers' fees

We have paid a further £100,391 in relation to valuing and dealing with the property. Agents'/Valuers' costs will increase due to commissions due from the sale of the plant and machinery and ongoing costs in relation to the planning process in the disposal of the freehold land.

3 Dividend prospects and dividends paid

3.1 Secured creditor

During the period, we have distributed £3.0 million to SFL - all of which relates to floating charge realisations.

We have paid SFL a final distribution of £1.4 million in the period following this report; therefore this transaction will not show on the current receipts and payments account.

All payments to SFL have been paid gross.

3.2 Preferential creditors

We estimate the amount of preferential claims to be £84,685.

Based on current estimates, we anticipate that preferential creditors should receive a dividend of 100p in the £. The timing and amount of any dividend are dependent upon the realisations and associated costs of the administration.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and payment of associated costs.

The quantum and timing of any dividend will be largely dependent upon the outcome on realisations from the freehold land.

4 Other matters

4.1 Creditors' meeting

Conducting the business of a meeting by correspondence.

In order to minimise costs, we propose to conduct the business of a meeting of creditors by correspondence. Formal notice is attached to the covering letter.

The purpose of conducting the business of a meeting by correspondence is to seek approval for



- a 12-month extension to the period of the administration (Section 6 2 - Extension of the administration)

Creditors' right to request a physical meeting

We will summon such a physical meeting (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed

Requests for a creditors' meeting must be made within five business days of us sending the formal notice of conducting the business of a meeting by correspondence. They must include

- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration,
- written confirmation of their concurrence from each concurring creditor, and
- a statement of the purpose of the proposed meeting

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a creditors' meeting, please contact Mok Miah on 020 76946477 to obtain the requisite forms.

5 Joint Administrators' remuneration and disbursements

Time costs

From 24 August 2015 to 1 January 2016, we have incurred time costs of £654,877. These represent 1,523 hours at an average rate of £430 per hour.

Remuneration

In accordance with the creditors approval obtained, we have drawn remuneration of £1.6 million in this period.

Disbursements

During the period, we have incurred disbursements of £5,635. 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 24 August 2015 to 1 January 2016. We have also attached our charging and disbursements policy.



6 Future strategy

6.1 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

The sale of remaining assets, most significantly the 100 acre freehold site at Aylesford and the water abstraction licences

6.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court

The administration is currently due to end on 23 February 2016

However, this progress report accompanies a request to all creditors to consider a 12-month extension to 23 February 2017 to enable us to continue to deal with the matters stated in Section 6.1 above

We expect that we will have to submit a request to court for a further extension of the administration beyond February 2017 to enable us to realise the freehold land

See Section 4 for details regarding conducting the business of a meeting by correspondence

6.3 Future reporting

We will provide a further progress report within one month of 1 July 2016

Appendix 1 Statutory information

Company information

Company name	Aylesford Newsprint Limited
Date of incorporation	10 June 1993
Company registration number	02825694
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 1379 of 2015
Appointor	Directors
Date of appointment	24 February 2015
Joint Administrators' details	Allan Graham and Rob Croxen
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £25,000,000 The Prescribed Part is capped at the statutory maximum of £600,000 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 2016

Appendix 2 Joint Administrators' receipts and payments account

Aylesford Newsprint Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 24/08/2015 To 01/01/2016 (£)	From 24/02/2015 To 01/01/2016 (£)
FIXED CHARGE ASSETS			
564,169 00	Carbon credits	NIL	NIL
30,000,000 00	Land	NIL	NIL
7,330,000 00	Receivables/debtors	NIL	NIL
		<hr/> NIL	<hr/> NIL
FIXED CHARGE CREDITORS			
(12,022,740 00)	Fixed charge creditor	NIL	NIL
		<hr/> NIL	<hr/> NIL
ASSET REALISATIONS			
5,300,000 00	Plant & machinery	5,030,100 00	5,853,996 54
	Furniture & equipment	62 50	1,062 50
7,650,000 00	Paper stock	44,182 72	8,269,606 92
	Abstraction Licences	65,000 00	65,000 00
955,105 00	VAT refunds (pre-app'ent)	NIL	NIL
11,754 00	Cash at bank	NIL	9,363 33
	Rent	20,867 92	38,077 98
		<hr/> 5,160,213 14	<hr/> 14,237,107 27
OTHER REALISATIONS			
	Bank interest, gross	9,441 34	13,173 77
34,000 00	Sundry debtors/receivables	21,160 73	130,121 65
	Sundry refunds	71,897 33	422,822 33
	Recharge of costs	137,150 08	137,150 08
	Funds received on behalf of ANSL	NIL	62,916 04
129,308 00	Recycled fibre stocks	NIL	NIL
350,000 00	Sundry Stocks	NIL	NIL
	3rd party electricity supply	292,363 76	721,842 30
		<hr/> 532,013 24	<hr/> 1,488,026 17
COST OF REALISATIONS			
	Subcontractor	NIL	(6,693 56)
	Operations and Decommissioning Costs	(383,526 34)	(1,125,231 49)
	Joint Administrators' fees	(1,600,000 00)	(1,681,619 05)
	Funds held by agents	92,564 94	NIL
	Room hire	NIL	(833 33)

Aylesford Newsprint Limited - in Administration
Abstract of receipts & payments

Statement of affairs (£)	From 24/08/2015 To 01/01/2016 (£)	From 24/02/2015 To 01/01/2016 (£)
Agents'/Valuers' fees	(346,831 91)	(486,582 67)
Agents Fees - Water Abstraction Licences	(6,000 00)	(12,500 00)
Legal fees	(156,256 96)	(312,831 89)
Funds returned to ANSL	NIL	(62,916 04)
Telephone/Telex/Fax	(5,955 48)	(6,575 39)
Stationery & postage	(612 46)	(612 46)
Utilities	(982,897 56)	(1,485,339 63)
Storage costs	(3,843 35)	(32,715 57)
Statutory advertising	NIL	(253 80)
Insurance of assets	(19,345 00)	(19,345 00)
Wages & salaries	(248,304 99)	(1,108,548 01)
PAYE & NIC	(91,160 36)	(508,552 14)
Bank charges	(433 00)	(80,801 05)
Licences	(77,599 14)	(366,030 21)
	(3,830,201 61)	(7,297,981 29)
FLOATING CHARGE CREDITORS		
Floating charge	(3,000,000 00)	(3,000,000 00)
	(3,000,000 00)	(3,000,000 00)
40,301,596 00	(1,137,975.23)	5,427,152 15
REPRESENTED BY		
Floating ch VAT rec'able		999,798 33
Current account		5,267,355 49
Floating ch VAT payable		(2,921,668 12)
Floating ch VAT control		2,081,666 45
		5,427,152 15

Appendix 3 Schedule of expenses

Schedule of expenses (24/08/2015 to 01/01/2016)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
Operations and Decommissioning Costs	375,783 93	98,907 17	474,691 10
Joint Administrators' fees	0 00	654,159 50	654,159 50
Joint Administrators' expenses	0 00	5,635 07	5,635 07
Agents'/Valuers' fees	346,831 91	100,390 90	447,222 81
Agents Fees - Water Abstraction Licences	6,000 00	0 00	6,000 00
Legal fees	154,825 99	0 00	154,825 99
Telephone/Telex/Fax	5,955 48	0 00	5,955 48
Stationery & postage	612 46	0 00	612 46
Utilities	973,582 20	575 38	974,157 58
Storage costs	3,843 35	0 00	3,843 35
Insurance of assets	19,345 00	0 00	19,345 00
Wages & salaries	248,304 99	85 25	248,390 24
PAYE & NIC	91,160 36	0 00	91,160 36
Bank charges	433 00	0 00	433 00
Licences	77,599 14	0 00	77,599 14
TOTAL	2,304,277 81	860,470 77	3,164,748 58

Please note that there is a difference between the payments made during the period of £3.8 million (per the receipts and payments account) and the expenses incurred and paid in the period of £2.3 million (per the schedule of expenses)

This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period

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 Mok Miah 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>

If you are unable to access this guide and would like a copy, please contact Mok Miah on 020 76946477.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

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

Charge-out rates (£) for Restructuring	
Grade	From 01 Oct 2014 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

Table of charge-out rates

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 incurred the following disbursements (excluding VAT) during the period 24 August 2015 to 1 January 2016

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	485 84		NIL		485 84
Meals	421 08		NIL		421 08
Mileage	NIL		4,606 45		4,606 45
Travel	121 70		NIL		121 70
Total	1,028 62		4,606 45		5,635 07

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 24 August 2015 to 1 January 2016

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,■ ensuring compliance with all statutory obligations within the relevant timescales
Strategy	<ul style="list-style-type: none">■ regular case management and reviewing of progress, including regular team update meetings and calls,



documents, Checklist and reviews	<ul style="list-style-type: none"> ■ 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, ■ creating remittances and sending payments to settle post-appointment invoices, ■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks, ■ reviewing and processing employee expense requests, ■ 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"> ■ reviewing the Company's pre-appointment corporation tax and VAT position, ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations, ■ working on tax returns relating to the periods affected by the administration, ■ analysing VAT related transactions, ■ dealing with post appointment tax compliance
Shareholders	<ul style="list-style-type: none"> ■ responding to enquiries from shareholders regarding the administration, ■ providing copies of statutory reports to the shareholders
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, ■ drawing remuneration in accordance with the basis which has been approved by all creditors, ■ dealing with the ongoing storage of the Company's books and records
Wind down	<ul style="list-style-type: none"> ■ preparing cash flow statements to monitor the cash position, ■ attending to supplier and customer queries and correspondence, ■ raising, approving and monitoring purchase orders and setting up control systems for trading, ■ negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support, ■ securing petty cash on site and monitoring spend, ■ dealing with issues in relation to stock and other assets required for trading, ■ monitoring stock and stock reconciliations, ■ dealing with hauliers to ensure ongoing services, ■ ensuring ongoing provision of emergency and other essential services to site
Asset realisations	<ul style="list-style-type: none"> ■ liaising with finance companies in respect of assets subject to finance agreements, ■ liaising with agents regarding the sale of assets, ■ dealing with issues associated with the sale of stock, ■ reviewing outstanding debtors and management of debt collection strategy, ■ liaising with Company credit control staff and communicating with debtors, ■ seeking legal advice in relation to book debt collections, ■ liaising with SFL regarding debtor recoveries, ■ reviewing the inter-company debtor position between the Company and other group companies
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases, ■ communicating with landlords regarding rent, property occupation and other issues, ■ performing land registry searches
Sale of business	<ul style="list-style-type: none"> ■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers, ■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements, ■ collating relevant information and drafting information memorandum in relation to the sale of the Company's business and assets and advertising the business for sale, ■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room, ■ managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties,

	<ul style="list-style-type: none"> ■ carrying out sale negotiations with interested parties
Health and safety	<ul style="list-style-type: none"> ■ liaising with internal 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, ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets, ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place, ■ assessing the level of insurance premiums
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment, ■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments, ■ holding employee briefing meetings to update employees on progress in the administration and our strategy, ■ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns, ■ communicating and corresponding with HM Revenue and Customs, ■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office, ■ managing claims from employees, ■ ensuring security of assets held by employees
Pensions	<ul style="list-style-type: none"> ■ collating information and reviewing the Company's pension schemes, ■ calculating employee pension contributions and review of pre-appointment unpaid contributions, ■ 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, ■ ensuring death-in-service cover for employees remains in place, ■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries
Creditors and claims	<ul style="list-style-type: none"> ■ creating and 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, ■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits, ■ arranging a distribution to SFL, ■ drafting our progress report
Investigations/ directors	<ul style="list-style-type: none"> ■ reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors

Time costs

Where we have incurred a significant proportion of time in this period, we have provided further details in the report, however, areas we have concentrated on include

- Progressing our strategy in relation to the freehold property,
- Negotiations with interested parties over a sale of the plant and machinery Discussions with the purchaser in relation to decommissioning of the equipment and demolition of the buildings,
- Complying with statutory requirements in submitting regular VAT returns,
- Preparing statutory reports to creditors and reporting to and corresponding with the secured and major unsecured creditor,
- Complying with statutory environmental obligations in decommission the site from hazardous waste and chemicals and pursuing a low risk surrender of permits with the Environment Agency,
- Dealing with other assets, in particular the realisation of water abstraction licences and supply of electricity to third parties connected to the Company's electricity distribution system,
- Maintaining supply of essential services required in the operation of the site and in the decommissioning process, and



- Processing payments for supplies and accounting for receipts and ensuring administration accounts are up to date

SIP 9 – Time costs analysis (24/08/2015 to 01/01/2016)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Cashiering							
General (Cashiering)		25 90	71 20		97 10	30,425 50	313 30
Reconciliations (& IPS accounting reviews)		0 70	1 90		2 60	815 50	313 65
General							
Books and records			0 20		0 20	56 00	280 00
Fees and WIP		9 50	1 00		10 50	4,127 50	393 10
Statutory and compliance							
Checklist & reviews		19 50	2 50		22 00	8,597 50	390 80
Strategy documents		14 00	0 80		14 80	5,894 00	398 24
Tax							
Initial reviews - CT and VAT			3 50		3 50	717 50	205 00
Post appointment corporation tax	11 50	25 10	8 75		45 35	18,685 50	412 03
Post appointment VAT		38 40	57 35		95 75	29,987 75	313 19
Creditors							
Creditors and claims							
General correspondence		0 70	28 50	0 50	29 70	8,326 00	280 34
Legal claims		13 00			13 00	6,305 00	485 00
Pre-appointment VAT / PAYE / CT		11 50			11 50	4,737 50	411 96
Secured creditors		33 00			33 00	16,005 00	485 00
Statutory reports	38 90	119 20	26 90		185 00	81,313 50	439 53
Employees							
Correspondence			28 60		28 60	8,008 00	280 00
DTI redundancy payments service			2 10		2 10	588 00	280 00
Pensions reviews	1 50				1 50	892 50	595 00
Investigation							
Directors							
D form drafting and submission	7 00				7 00	4,165 00	595 00
Realisation of assets							



SIP 9 – Time costs analysis (24/08/2015 to 01/01/2016)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Asset Realisation							
Fixed charge debtors		1 00			1 00	485 00	485 00
Debtors				1 30	1 30	364 00	280 00
Freehold property	73 10	137 95			211 05	105,340 25	499 12
Health & safety		81 50		6 50	88 00	40,987 50	465 77
Open cover insurance		0 50			0 50	202 50	405 00
Other assets	12 90	253 50			266 40	124,823 00	468 55
Plant and machinery		169 40			169 40	79,407 00	468 75
Pre-appointment tax & VAT refunds		7 00			7 00	3,155 00	450 71
Trading code used outside trading period							
Trading							
Cash & profit projections & strategy		9 50			9 50	3,847 50	405 00
Purchases and trading costs		162 00		3 60	165 60	66,618 00	402 28
Total in period	144 90	1,132 85		244 70	0 50 1,522 95	654,877 00	430 01

Brought forward time (appointment date to SIP 9 period start date)	4,559 07	1,689,868 10
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	1,522 95	654,877 00
Carry forward time (appointment date to SIP 9 period end date)	6,082 02	2,344,745 10

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	Aylesford Newsprint Holdings Limited - in Administration
ANL/Company	Aylesford Newsprint Limited - in Administration
ANSL	Aylesford Newsprint Services Limited
CMD	Construction Design and Management
EA	Environment Agency
Group	ANL together with, ANHL ANSL
Joint Administrators/we/our/us	Allan Graham and Rob Croxen
KPMG	KPMG LLP
LSH	Lambert Smith Hampton
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 Allan Graham and Rob Croxen, the Joint Administrators of Aylesford Newsprint 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 or any other company in the Group.

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.

Allan Watson Graham and Robert Andrew Croxen 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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