

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 February 2015

(b) 23 August 2015

Signed

  
Joint Administrator

Dated

17/9/15

**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 February 2015 to 23  
August 2015

16 September 2015

# 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

- 1.1 The Directors resolved on 24 February 2015 to appoint us as Joint Administrators. The notice of appointment was lodged at High Court of Justice on 24 February 2015 and we were duly appointed.
- 1.2 This progress report covers the period from the date of our appointment to 23 August 2015.
- 1.3 We circulated our statement of proposals ('proposals') to all known creditors on 10 April 2015. A meeting of creditors was held on 1 May 2015 at which our proposals were approved by the creditors without modification.
- 1.4 ANL's main assets comprise freehold land, stock, debtors and plant and machinery (Section 2 - Progress to date).
- 1.5 It is likely that the Secured creditor will be paid in full (Section 3 - Dividend prospects).
- 1.6 It is likely that the preferential creditors will be paid in full (Section 3 - Dividend prospects).
- 1.7 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).
- 1.8 Please note you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and 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 proposals.

### 2.1 Strategy and progress to date

#### Property and Land

Our Real Estate Advisory services team are working closely with LSH, the appointed property agents, to set the sale strategy for the freehold land at Aylesford.

In order to maximise realisations, our property strategy will involve securing planning approval for the site, which could take two years or longer, will then be marketed for sale. Due to the commercially sensitive nature of this matter we are unable to provide any further information at this stage.

#### Stock and debtors

Following the decision not to trade the business in administration, our strategy was to sell the customer specific stock to the respective customer as we recognised that realisations from any debtor balances would be inextricably linked to stock sales.

We provided support to the customers and maintained relationships to preserve value in stock and debtors. The stock available was offered to customers on the basis that agreement would be reached with regards to debtor monies due.

#### Plant and machinery

LSH, our plant and machinery agents, with the assistance of paper mill specialist agents, John Wilkie Paper Mill Services Ltd are assisting with the disposal of the two paper mills and ancillary equipment by private treaty.

We are currently in detailed negotiations with a preferred bidder over a sale of the paper mills and ancillary equipment to include demolition of the site and expect to complete this by the end of September 2015. The uplift of the paper machines and associated equipment from site could take up to 18 months, due to the size and complexity of the dismantling process.

The terms of the proposed sale are commercially sensitive and we will therefore provide further details in our next progress report.

#### Water abstraction licences

We remain in discussions with a number of interested parties in connection with a potential sale of ANL's water abstraction licences.

#### Decommissioning

As previously advised in our proposals, we continue to oversee the on-going decommissioning of hazardous waste and chemicals at Aylesford.

ANL continue to fulfil environmental and Health & Safety obligations during the administration to ensure continued compliance.



## Employees

Initially we retained 65 employees to assist with asset realisations and the decommissioning process until the end of April 2015. We reduced this to 15 employees until the end of September 2015, although two employees left during this time.

We expect to retain the majority to assist with the decommissioning and uplift of the paper machines and associated plant.

## 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.

### Debtors

We have collected out the debtor book and realised £7.2 million in debtor recoveries for SFL under its fixed charge against a ledger balance of £7.5 million at the date of appointment. No further recoveries are expected.

These monies have been paid directly to SFL under their fixed charge and therefore do not appear in our receipts and payments account at Appendix 2.

### Stock sales

Our strategy was to reach settlements with the key customers on outstanding debtor balances and agree the supply of specific stock that they required. This has allowed us to realise £8.2 million for all of the stock, which is in excess of the directors' estimate of £7.7 million in their statement of affairs.

### Plant and machinery

An auction was held by LSH on site for the non-paper mill plant and machinery and we have realised £823,897.

### Supply of electricity to third parties

As mentioned in the proposals, third parties are connected to ANL's electricity distribution network and are dependent upon ANL for electricity supply.

To date we have realised £368,445 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.

### Other assets

Further realisations are detailed in the attached receipts and payments account at Appendix 2 and include among others, sundry refunds, rent, cash at bank, and interest accrued on funds held in the administration estate.

### Carbon credits

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

ANL are in the process of agreeing the amount of Carbon Credits that it needs to settle emission charges due.



It is then our intention to sell any surplus Carbon Credits once the emission charges have been satisfied and any realisations in this respect will be paid to SFL under their fixed charge

#### Investigations

We are 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

We have complied with the relevant statutory requirements to provide information on the conduct of the Company's directors and any shadow directors to the Department for Business, Innovation and Skills. The contents of our submission are confidential

## 2.3 Other issues

#### Funds received on behalf of ANSL

Currently we are holding £61,034 on behalf of ANSL. This amount will be sent onto ANSL as soon as this balance is reconciled

#### Retention of title / consignment stock

We have given suppliers the opportunity to identify stock they have supplied to the Company and to provide documentation in support of their claims. These claims are currently being adjudicated, with the assistance of solicitors, where necessary

#### Tenants

ANL had a number of tenants who rented office space and hard standing. These tenants have now vacated the premises

#### Water main works

Discussions with South East Water are on-going regarding the statutory water main works going through the ANL site and agreeing the route of the new water main, the conditions of easements and levels of compensation due to ANL

#### Legal proceedings

As previously mentioned in the proposals, there are a number of active legal proceedings involving ANL. These claims are disputed by the Company and we continue to work with the incumbent solicitors to minimise the impact of these claims to the 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

Payments totalling £1.3 million have been paid towards salaries, which includes £417,392 in respect of PAYE & NIC

#### Operations and Decommissioning

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 £741,705





#### Utilities

To date we have paid £502,442 for utilities required for the wind down process. This includes payments for third party electricity usage which we receive in advance.

#### Environmental / Licence fee

Payments totalling £288,431 have been made to the Environment Agency in respect of water abstraction licences. We are currently in discussions with interested parties with a view to selling the licences as detailed in section 2.1 in this report.

#### Legal fees

We have paid our solicitors, Gateley, a sum of £114,906 for its costs and disbursements for its assistance with the appointment of administrators, environmental issues, advice regarding property, employees and validity of security. Included in this amount is the pre appointment costs of £37,612 (see section 4.2 below).

In addition to the above, we have also paid Dentons £29,032 and Mishcon de Reya £12,259 in relation to the legal proceedings detailed in section 2.3.

#### Agents' fees

We have paid agents' fees of £139,751 for valuing and dealing with the property as detailed in section 2.1 and the disposal of the Company's plant and machinery as detailed in section 2.2.

#### Funds held by agents

The sum of £92,565 has been held by our agents. From this amount, £77,565 is in relation to VAT which has since been paid back to the estate after the reporting period. The balance of £15,000 we expect to receive shortly.

#### Bank charges

There have been a number of bank charges issued against the post administration bank accounts. We have paid £80,368 to date, of which £75,032 relates to a charge for an overdraft facility provided by the secured creditor which was required at the outset of the administration to meet initial operating costs of ANL.

#### Storage costs

Payments totalling £28,872 have been made to storage agents in UK and Germany who were holding ANL stock that we have now sold.

#### Other costs

Further costs are detailed in the attached receipts and payments account at Appendix 2 and include among others, subcontractors, consultant's fees, and room hire for the creditors meeting.

## 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.



#### Utilities

A water bill for £9,315 has been paid following the period on this progress report. Utility costs will be ongoing until the Company vacates site.

#### Operations and Decommissioning

Further payments for haulage, security and services/contractors which were necessary for asset realisations and the decommissioning process amount to £7,742. Operations and decommissioning costs will be ongoing until the Company vacates site.

#### Legal fees

Gateley have been paid a further £1,431 in relation to certificate of title to land. Legal costs are likely to increase as Gateley are dealing with a number of ongoing matters.

## 3 Dividend prospects

### 3.1 Secured creditors

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

A validity of security review was carried out by our solicitors, Gateley, who confirmed that the SFL security was valid.

We anticipate that SFL will be paid in full in the administration of ANL.

### 3.2 Preferential creditors

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

Based on current estimates, we anticipate that preferential creditors will be paid in full.

### 3.3 Unsecured creditors

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

## 4 Joint Administrators' remuneration, disbursements and pre-administration costs

### 4.1 Joint Administrators' remuneration and disbursements

During the period, the 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.



- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4

#### Time costs

From the date of our appointment to 23 August 2015, we have incurred time costs of £1,689,868. These represent 4,559 hours at an average rate of £371 per hour.

#### Remuneration

During the period, we have not drawn any remuneration.

#### Disbursements

During the period, we have incurred disbursements of £25,172. 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 our appointment to 23 August 2015. We have also attached our charging and disbursements policy.

Where a creditors' voluntary liquidation is the exit route for the administration and if we are appointed as Joint Liquidators, the basis of remuneration which has been approved for the administration will continue to apply in the creditors' voluntary liquidation.

## 4.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals.

Pre-administration costs				
	Disclosed unpaid costs (£)	Approved (£)	Paid in the period (£)	Outstanding (£)
KPMG fees			80,000.00	
KPMG disbursements			1,619.05	
Gateley			37,611.50	
<b>Total</b>			<b>119,230.55</b>	

On 1 May 2015, we obtained approval from the creditors to pay all of these pre-administration costs as an expense of the administration.

# 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:

The sale of remaining assets most significantly, the land, paper machines and water abstraction licenses.



## **5.2 Discharge from liability**

We propose to seek approval from the creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us

## **5.3 Future reporting**

We will provide a further progress report within one month of 23 February 2016 or earlier if (1) an extension request is necessary or (2) the administration has been completed prior to that time



## 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	<p>Estimated Net Property is £25,000,000</p> <p>The Prescribed Part is capped at the statutory maximum of £600,000</p> <p>The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (section 3 3)</p>
Prescribed Part distribution	<p>The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply</p> <p>Accordingly, we intend to make a distribution to the unsecured creditors</p>
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

#### Joint Administrators' abstract of receipts & payments

Statement of affairs (£)		From 24/02/2015 To 23/08/2015 (£)	From 24/02/2015 To 23/08/2015 (£)
<b>FIXED CHARGE ASSETS</b>			
564,169 00	Carbon credits	NIL	NIL
5,300,000 00	Plant & machinery/equipment	NIL	NIL
30,000,000 00	Land	NIL	NIL
7,330,000 00	Receivables/debtors	NIL	NIL
		NIL	NIL
<b>FIXED CHARGE CREDITORS</b>			
(12,022,740 00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
<b>ASSET REALISATIONS</b>			
	Plant & machinery	823,896 54	823,896 54
	Furniture & equipment	1,000 00	1,000 00
7,650,000 00	Paper stock	8,225,424 20	8,225,424 20
955,105 00	VAT refunds (pre-app'ent)	NIL	NIL
11,754 00	Cash at bank	9,363 33	9,363 33
	Rent	17,210 06	17,210 06
		9,076,894 13	9,076,894 13
<b>OTHER REALISATIONS</b>			
	Bank interest, gross	3,732 43	3,732 43
34,000 00	Sundry debtors/receivables	108,960 92	108,960 92
	Sundry refunds	350,925 00	350,925 00
	Funds received on behalf of ANSL	123,949 57	123,949 57
129,308 00	Recycled fibre stocks	NIL	NIL
350,000 00	Sundry Stocks	NIL	NIL
	3rd party electricity supply	368,445 01	368,445 01
		956,012 93	956,012 93
<b>COST OF REALISATIONS</b>			
	Subcontractor	(6,693 56)	(6,693 56)
	Operations and Decommissioning Costs	(741,705 15)	(741,705 15)
	Joint Administrators' fees (pre-app'ent)	(81,619 05)	(81,619 05)
	Funds held by agents	(92,564 94)	(92,564 94)
	Room hire	(833 33)	(833 33)
	Agents' fees	(139,750 76)	(139,750 76)



**Aylesford Newsprint Limited - in Administration**  
**Joint Administrators' abstract of receipts & payments**

Statement of affairs (£)	From 24/02/2015 To 23/08/2015 (£)	From 24/02/2015 To 23/08/2015 (£)
Agents Fees - Water Abstraction Licences	(6,500 00)	(6,500 00)
Legal fees (pre-app'ent)	(37,611 50)	(37,611 50)
Legal fees	(118,963 43)	(118,963 43)
Funds returned to ANSL	(62,916 04)	(62,916 04)
Telephone/Telex/Fax	(619 91)	(619 91)
Utilities	(502,442 07)	(502,442 07)
Storage costs	(28,872 22)	(28,872 22)
Statutory advertising	(253 80)	(253 80)
Wages & salaries	(860,243 02)	(860,243 02)
PAYE & NIC	(417,391 78)	(417,391 78)
Bank charges	(80,368 05)	(80,368 05)
Licences	(288,431 07)	(288,431 07)
	(3,467,779 68)	(3,467,779 68)
<b>40,301,596 00</b>	<b>6,565,127 38</b>	<b>6,565,127 38</b>
REPRESENTED BY		
Floating ch VAT rec'able		308,177 78
Current account	6,684,951 17	6,684,951 17
Floating ch VAT payable		(1,822,794 52)
Floating ch VAT control		1,394,792 95
	<b>6,565,127 38</b>	<b>6,565,127 38</b>



## Appendix 3 Schedule of expenses

### Schedule of expenses (24/02/2015 to 23/08/2015)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
<b>Cost of realisations</b>			
Subcontractor	6,693 56	0 00	<b>6,693 56</b>
Operations and Decommissioning Costs	741,705 15	7,742 41	<b>749,447 56</b>
Joint Administrators' fees (pre-app'ent)	81,619 05	0 00	<b>81,619 05</b>
Joint Administrators' remuneration	0 00	1,689,868 10	<b>1,689,868 10</b>
Joint Administrators' expenses	0 00	25,171 47	<b>25,171 47</b>
Funds held by agents	92,564 94	0 00	<b>92,564 94</b>
Room hire	833 33	0 00	<b>833 33</b>
Agents' fees	139,750 76	0 00	<b>139,750 76</b>
Agents Fees - Water Abstraction Licences	6,500 00	0 00	<b>6,500 00</b>
Legal fees (pre-app'ent)	37,611 50	0 00	<b>37,611 50</b>
Legal fees	118,963 43	1,430 97	<b>120,394 40</b>
Funds returned to ANSL	62,916 04	0 00	<b>62,916 04</b>
Telephone/Telex/Fax	619 91	0 00	<b>619 91</b>
Utilities	502,442 07	9,315 36	<b>511,757 43</b>
Storage costs	28,872 22	0 00	<b>28,872 22</b>
Statutory advertising	253 80	0 00	<b>253 80</b>
Wages & salaries	860,243 02	0 00	<b>860,243 02</b>
PAYE & NIC	417,391 78	0 00	<b>417,391 78</b>
Bank charges	80,368 05	0 00	<b>80,368 05</b>
Licences	288,431 07	0 00	<b>288,431 07</b>
<b>TOTAL</b>	<b>3,467,779 68</b>	<b>1,733,528 31</b>	<b>5,201,307 99</b>

### 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

[http://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Nov\\_2011.pdf](http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov_2011.pdf)

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 24 Feb 2015 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

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 from the date of our appointment to 23 August 2015

<b>SIP 9 - Disbursements</b>					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	11,851 41		NIL		<b>11,851 41</b>
Meals	1,459 15		NIL		<b>1,459 15</b>
Mileage	NIL		7,819 35		<b>7,819 35</b>
Postage	11 27		NIL		<b>11 27</b>
Rates	137 00		NIL		<b>137 00</b>
Sundry	302 89		NIL		<b>302 89</b>
Travel	3,590 40		NIL		<b>3,590 40</b>
<b>Total</b>	<b>17,352 12</b>		<b>7,819 35</b>		<b>25,171 47</b>

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

Category 2 disbursements have been approved in the same manner as our remuneration

Narrative of work carried out for the period 24 February 2015 to 23 August 2015

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none"> <li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences,</li> <li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment,</li> <li>■ issuing regular press releases and posting information on a dedicated web page,</li> <li>■ preparing statutory receipts and payments accounts,</li> <li>■ arranging bonding and complying with statutory requirements,</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales</li> </ul>
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Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same,</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams,</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls,</li> <li>■ meeting with management to review and update strategy and monitor progress,</li> <li>■ reviewing and authorising junior staff correspondence and other work,</li> <li>■ dealing with queries arising during the appointment,</li> <li>■ reviewing matters affecting the outcome of the administration,</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews,</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters,</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions</li> </ul>
Reports to debenture holders	<ul style="list-style-type: none"> <li>■ providing written and oral updates to SFL regarding the progress of the administration and case strategy</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts,</li> <li>■ preparing and processing vouchers for the payment of post-appointment invoices,</li> <li>■ creating remittances and sending payments to settle post-appointment invoices,</li> <li>■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks,</li> <li>■ reviewing and processing employee expense requests,</li> <li>■ reconciling post-appointment bank accounts to internal systems,</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company,</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs,</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position,</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations,</li> <li>■ working initially on tax returns relating to the periods affected by the administration,</li> <li>■ analysing VAT related transactions,</li> <li>■ dealing with post appointment tax compliance</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ providing notification of our appointment,</li> <li>■ responding to enquiries from shareholders regarding the administration,</li> <li>■ providing copies of statutory reports to the shareholders</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9,</li> <li>■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage</li> </ul>
Wind down	<ul style="list-style-type: none"> <li>■ preparing cash flow statements to monitor the cash position,</li> <li>■ attending to supplier and customer queries and correspondence,</li> <li>■ raising, approving and monitoring purchase orders and setting up control systems for trading,</li> <li>■ 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,</li> <li>■ securing petty cash on site and monitoring spend,</li> <li>■ dealing with issues in relation to stock and other assets required for trading,</li> <li>■ communicating and negotiating with customers regarding ongoing supplies, including agreeing terms and conditions,</li> <li>■ monitoring stock and stock reconciliations,</li> <li>■ dealing with hauliers to ensure ongoing services,</li> <li>■ ensuring ongoing provision of emergency and other essential services to site</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets,</li> <li>■ liaising with finance companies in respect of assets subject to finance agreements,</li> <li>■ liaising with agents regarding the sale of assets,</li> <li>■ dealing with issues associated with the sale of stock,</li> <li>■ reviewing outstanding debtors and management of debt collection strategy,</li> <li>■ liaising with Company credit control staff and communicating with debtors,</li> <li>■ seeking legal advice in relation to book debt collections,</li> <li>■ liaising with the Secured Creditor regarding debtor recoveries,</li> <li>■ reviewing the inter-company debtor position between the Company and other group companies</li> </ul>

Property matters	<ul style="list-style-type: none"> <li>■ reviewing the Company's leasehold properties, including review of leases,</li> <li>■ communicating with landlords regarding rent, property occupation and other issues,</li> <li>■ performing land registry searches</li> </ul>
Sale of business	<ul style="list-style-type: none"> <li>■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers,</li> <li>■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements,</li> <li>■ 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,</li> <li>■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room,</li> <li>■ managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties,</li> <li>■ carrying out sale negotiations with interested parties</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ 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,</li> <li>■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets,</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place,</li> <li>■ assessing the level of insurance premiums</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ dealing with queries from employees regarding various matters relating to the administration and their employment,</li> <li>■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments,</li> <li>■ holding employee briefing meetings to update employees on progress in the administration and our strategy,</li> <li>■ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns,</li> <li>■ communicating and corresponding with HM Revenue and Customs,</li> <li>■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office,</li> <li>■ managing claims from employees,</li> <li>■ ensuring security of assets held by employees</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ collating information and reviewing the Company's pension schemes,</li> <li>■ calculating employee pension contributions and review of pre-appointment unpaid contributions,</li> <li>■ ensuring compliance with our duties to issue statutory notices,</li> <li>■ 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,</li> <li>■ ensuring death-in-service cover for employees remains in place,</li> <li>■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ drafting and circulating our proposals,</li> <li>■ convening and preparing for the meeting of creditors,</li> <li>■ creating and updating the list of unsecured creditors,</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims,</li> <li>■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records,</li> <li>■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits,</li> <li>■ drafting our progress report</li> </ul>
Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration,</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies,</li> <li>■ reviewing the questionnaires submitted by the Directors of the Company,</li> <li>■ reviewing pre-appointment transactions,</li> <li>■ drafting the statutory report and submitting to the relevant authority</li> </ul>

Time costs



**SIP 9 - Time costs analysis (24/02/2015 to 23/08/2015)**

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
<b>Administration &amp; planning</b>							
Bankrupt/Director/Member							
Dissenting shareholders	3 00				<b>3 00</b>	1,605 00	535 00
Cashiering							
General (Cashiering)		49 30	204 30		<b>253 60</b>	76,923 00	303 32
Reconciliations (& IPS accounting reviews)		10 30	2 70		<b>13 00</b>	4,777 50	367 50
General							
Books and records		0 50	0 40		<b>0 90</b>	314 50	349 44
Fees and WIP		3 50			<b>3 50</b>	1,577 50	450 71
Statutory and compliance							
Appointment and related formalities	7 20	22 00	24 75		<b>53 95</b>	19,989 00	370 51
Bonding and bordereau		0 40		0 30	<b>0 70</b>	199 50	285 00
Checklist & reviews		3 40	9 35	0 20	<b>12 95</b>	3,945 00	304 63
Pre-administration checks	1 20		10 90		<b>12 10</b>	3,001 00	248 02
Reports to debenture holders		24 70			<b>24 70</b>	10,003 50	405 00
Statutory receipts and payments accounts	0 40	14 00			<b>14 40</b>	5,908 00	410 28
Strategy documents	2 80	5 00			<b>7 80</b>	3,631 00	465 51
Tax							
Initial reviews - CT and VAT			5 50		<b>5 50</b>	1,135 00	206 36
Post appointment corporation tax	10 50	24 50	48 92		<b>83 92</b>	25,658 60	305 75
Post appointment PAYE		2 80			<b>2 80</b>	1,134 00	405 00
Post appointment VAT	1 50	47 90	83 95		<b>133 35</b>	40,287 75	302 12
<b>Creditors</b>							
Creditors and claims							
General correspondence		31 60	351 70		<b>383 30</b>	104,136 50	271 68
Legal claims		39 80			<b>39 80</b>	18,119 00	455 25
Pre-appointment VAT / PAYE / CT		13 20			<b>13 20</b>	5,346 00	405 00
ROT Claims	0 80	63 70	393 40		<b>457 90</b>	136,746 50	298 64
Secured creditors	9 90	68 90			<b>78 80</b>	37,955 00	481 66
Statutory reports	23 50	117 60	63 20		<b>204 30</b>	80,690 50	394 96
Employees							



**SIP 9 - Time costs analysis (24/02/2015 to 23/08/2015)**

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Correspondence		149 20	37 00	3 00	<b>189 20</b>	72,761 00	384 57
DTI redundancy payments service		14 80			<b>14 80</b>	5,994 00	405 00
Pension funds		28 60			<b>28 60</b>	12,383 00	432 97
Pensions reviews	1 30	1 40	22 50		<b>25 20</b>	7,453 00	295 75
<b>Investigation</b>							
Directors							
Correspondence with directors	4 00	7 10	0 20		<b>11 30</b>	5,311 50	470 04
D form drafting and submission		2 50	2 00		<b>4 50</b>	1,572 50	349 44
Directors' questionnaire / checklist		0 20			<b>0 20</b>	81 00	405 00
Statement of affairs		3 70	1 20		<b>4 90</b>	2,074 50	423 37
Investigations							
Review of pre-appt transactions		0 60	19 60		<b>20 20</b>	5,779 00	286 09
<b>Realisation of assets</b>							
Asset Realisation							
Cash and investments			3 30		<b>3 30</b>	924 00	280 00
Fixed charge debtors		48 00	112 00		<b>160 00</b>	54,640 00	341 50
Debtors	5 50	49 70	103 90		<b>159 10</b>	56,213 00	353 32
Freehold property	40 60	375 05	0 60		<b>416 25</b>	193,020 25	463 71
Health & safety		143 25	161 50		<b>304 75</b>	112,760 00	370 01
Leasehold property	50 70	1 80	2 00		<b>54 50</b>	31,455 50	577 17
Office equipment, fixtures & fittings		1 50			<b>1 50</b>	607 50	405 00
Open cover insurance		35 80	1 10		<b>36 90</b>	14,807 00	401 27
Other assets	4 20	206 60			<b>210 80</b>	99,212 00	470 65
Plant and machinery	9 80	258 10	0 90		<b>268 80</b>	128,773 50	479 07
Pre-appointment tax & VAT refunds		6 20			<b>6 20</b>	2,671 00	430 81
Stock and WIP	1 40	140 60	179 10		<b>321 10</b>	118,724 00	369 74
Trading							
Cash & profit projections & strategy		74 50	39 00		<b>113 50</b>	41,092 50	362 05
Purchases and trading costs	2 00	189 50	205 40		<b>396 90</b>	136,649 50	344 29
Sales	3 00	0 10			<b>3 10</b>	1,825 50	588 87



**SIP 9 - Time costs analysis (24/02/2015 to 23/08/2015)**

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
<b>Total in period</b>	<b>183 30</b>	<b>2,281 90</b>	<b>2,090 37</b>	<b>3 50</b>	<b>4,559 07</b>	<b>1,689,868 10</b>	<b>370 66</b>

Brought forward time (appointment date to SIP 9 period start date)	0 00	0 00
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SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	4,559 07	1,689,868 10
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Carry forward time (appointment date to SIP 9 period end date)	4,559 07	1,689,868 10
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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

<b>ANHL</b>	Aylesford Newsprint Holdings Limited - in Administration
<b>ANL/Company</b>	Aylesford Newsprint Limited - in Administration
<b>ANSL</b>	Aylesford Newsprint Services Limited
<b>Gateley</b>	Gateley LLP
<b>Group</b>	ANL together with, ANHL ANSL
<b>Joint Administrators/we/our/us</b>	Allan Graham and Rob Croxen
<b>KPMG</b>	KPMG LLP
<b>LSH</b>	Lambert Smith Hampton
<b>SFL/Secured creditor</b>	Sitara Finance Limited
<b>VAT</b>	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.

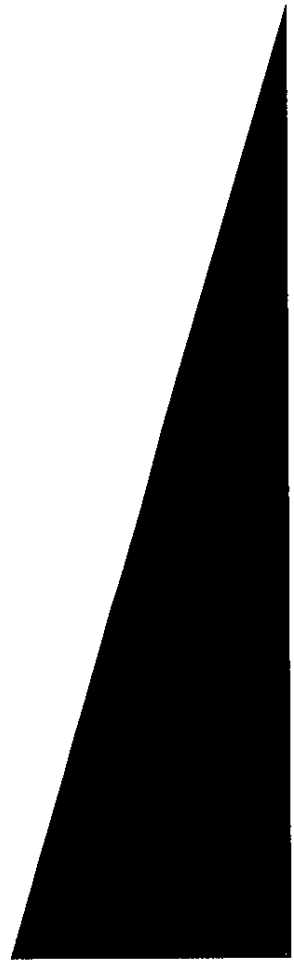
Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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.

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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